JAN 28 1944

Final Edition

ESTABLISHED OVER 100 YEARS

In 2 Sections—Section 1

The Commercial and
FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 159 Number 4250 New York, N. Y., Thursday, January 27, 1944 Price 60 Cents a Copy

Urges Federal Aid Now In Converting Auto Plants To Peace

By WARD M. CANADAY
President Willys-Overland Motors, Inc.

The automobile industry doubtless will continue to be the nation's largest provider of jobs after the war with its industrial activity becoming greater than in pre-war years.

Ward M. Canaday

But the extent and speed with which it will be able to "move into high gear" will largely depend upon the principles which government lays down for its war production assignment. Because of the time factor involved in production, the industry should know as soon as war production requirements

(Continued on page 413)

In This Issue

OHIO SECURITIES section containing information and comment pertinent to dealer activities on page 398.

SAVINGS AND LOAN ASSOCIATION material on page 406.

For index see page 416.

Government's Place In Post-War Relations Between Labor And Management Discussed

By H. W. PRENTIS, Jr.*

Business Leader Holds Labor Legislation Should Be Amended To Permit Employees To Deal Directly With Employers, Select Representatives Without Coercion, Join Or Not Join A Union, And Make It Impossible For Those Quitting Work To Prevent Others From Working Or Intimidating Customers Or Their Employers.

Naturally I appreciate the honor of representing industry in this triumvirate tonight. However, as I warned the President of the Board, before accepting his invitation, I do not consider myself in any sense an expert on the subject under discussion. Hence to enter the lists with these two distinguished authorities requires no little temerity on my part. So I ask you all to remember that I am merely a "run-of-the-mine" industrial executive like the rest of you. Preparing addresses for bodies like this is out of my regular line. However, everybody is stimulated by departing from his accustomed role occasionally and, while there is some peril in so doing, the additional danger a business man runs is really not so very great for, like Tennyson's "Immortal Six Hundred," the executive of a

H. W. Prentis, Jr.

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*An address delivered at the 257th Meeting of the National Industrial Conference Board, Waldorf-Astoria Hotel, New York City, Jan. 20, 1944, by Mr. Prentis, who is President of the Armstrong Cork Company, Lancaster, Pa., past President, National Association of Manufacturers; member, Governing Body, National Industrial Conference Board.

(Continued on page 412)

By ROBERT J. WATT*

AFL Representative Warns Management Can Play Role Of Resistance Until Government Is Forced To Take Over Or Join With Labor To Develop A Program Of Self-Government For Industry In Which Political Influence Will Be Kept Out—To Do Otherwise May Be To Dispossess Management Of Right To Manage.

Being a conservative, I hesitate to engage in blind predictions. In view of our recent experiences I don't feel comfortable as to what the complexion of the Government will be in the post-war years. So I am going to talk tonight about what the role of government should be in post-war relations between labor and management, rather than attempt to predict what the role will actually be.

I think the place for the Government in post-war labor-management relations should be that of a second spare tire, always available if needed, but actually never needed under normal operating conditions.

Robert J. Watt

The relationships of labor and management in collective bargaining are essentially those of two parties making a simple con-

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*An address delivered on Jan. 20 by Mr. Watt of American Federation of Labor, at the 257th Meeting of the National Industrial Conference Board, Inc., held at the Waldorf-Astoria Hotel, New York.

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$28 Billion Outlay By Consumers And Trade At War's End Forecast

National Survey Results Given At AMA Meet

A total of $28,000,000,000 will be spent by U. S. families for major articles, and by retailers, distributors and restaurants for property improvements within six months after the war's end, William J. Moll, executive of Geyer, Cornell & Newell, Inc., said at the marketing conference of the American Management Association in the Waldorf-Astoria Hotel earlier this month.

About 64% of the families intend to spend $20,000,000,000 for one or more major articles, 41.3% of the retailers and distirbutors plan to spend $6,647,000,000 for property improvements, and from 45.5 to 89% of the restaurants will spend $1,253,000,000 for various kinds of new equipment immediately after the war, Moll predicted, basing the estimates on recent post-war surveys he directed for the Chamber of Commerce of the U. S.

"All this will be transmitted back to factories to employ men to turn out the products to replenish the shelves of local stores, and to supply the local service business," Moll said. "And this one phase of post-war economy will cause expanded plant capacity to be utilized, raw materials to be used, and men and women to be employed."

Moll said the end of the war will mark the country's all-time high in plant capacity, available natural and synthetic raw materials, number of workers, pent-up consumer demand, and accumulated savings.

"The reports indicate that not only do families have the intentions to buy, but they are also accumulating the necessary money

(Continued on page 399)

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C. I. O.'s Case

President of CIO Demands Stabilized And Mounting Production In Post-War Era So Organized Labor Can Enjoy Benefits of America's New Found Productive Capacity—Says Labor Must Make Views Known At Ballot Box If Administration Is To Recognize Demands.

Declares Labor Under Our Voluntary System Has Achieved Goals of Production Never Even Closely Approached By Any Other Country in the World's History and Condemns Attempt to Destroy Confidence in Organized Labor Movement and Pursuance of Policy by Government Which Seeks the Universal Regimentation of labor.

By PHILIP MURRAY*

This is the crucial year of the war. It is also the crucial year of our democracy when we in this country will decide the shape of our post-war world for many years to come. And by this decision we shall decide many things for people throughout the rest of the world.

These remarks are not intended as partisan. There are forces working within each of the great major parties to carry us toward large-scale unemployment and an economy of scarcity. And there are other forces working to carry us toward full employment and an economy of abundance. Organized labor has long since chosen sides in this fight. The war has demonstrated beyond a doubt that labor is right, that America can produce abundance.

Philip Murray

But the war has not demonstrated that we will do so. Today decisions as to the return to an economy of scarcity are being taken daily in the war production agencies. This spring in the primary elections and next fall in the general elections the American people will have a chance to register their choice at the polls. This is bound, therefore, to be the most momentous election in many years.

We can go further and say that the CIO would not have organized the Political Action Committee if it had not felt that labor's part in the coming elections is of the utmost importance.

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*An address delivered by Mr. Murray before the CIO Political Action Luncheon on January 15, 1944.

(Continued on page 401)

Thomas McCord Joins C. J. Devine & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Thomas B. McCord has become associated with C. J. Devine & Co., Russ Building. Mr. McCord was formerly with Dean Witter & Co. in charge of their municipal bond department.

Cochran, Small in U. S. N.

W. B. Cochran, Assistant Vice-President of the Small-Milburn Company and manager of the firm's Oklahoma City office is now with the armed forces of the United States. The Oklahoma City office is now being managed by Mrs. Cochran.

Don M. Small, secretary of the company, is also on military leave of absence. Both Mr. Cochran and Mr. Small are in the U. S.

Rupert Bauer Joins Sutro & Co. Staff

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—Rupert F. Bauer has become associated with Sutro & Co., Van Nuys Building. Mr. Bauer was formerly with Dean Witter & Co. and prior thereto was manager of the trading department for the California Bank of Los Angeles.

Attractive Situation

The 5% preferred stock of Wisconsin Public Service Corporation offers an interesting situation at the present time according to a memorandum issued by The Wisconsin Company, 110 East Wisconsin Avenue, Milwaukee, Wis. Copies of this memorandum may be had upon request from The Wisconsin Company.

Gold For Post-War Token Credit Urged

The use of gold as a post-war token for credits was advocated on Jan. 20 by Rupert Evelyn Beckett, Chairman of the Westminster Bank of London, one of the "big five" in Great Britain. Reporting this special advices from London to the New York "World Telegram" quoted Mr. Beckett as follows:

"Gold is a medium of trading and exchange familiar to all peoples," said Mr. Beckett.

"America holds the preponderating stock in gold, but the British Empire and Russia are the principal producers. To secure America's support and collaboration for any workable scheme, it would be well to try to build on the premise that gold be the token.

"Means must be devised to avoid a pegging to the gold standard as we know it in the past. But America is a large creditor nation, with the responsibility toward securing a trade equilibrium which that status implies.

"A creditor country cannot remain passive as hitherto, allowing gold to enter freely in payment of goods and services, but should so adjust its economy as to permit an easy entrance of foreign goods."

W. A. Anderson With Hickey As Bond Mgr.

CHICAGO, ILL.—Hickey & Co., 135 South La Salle St., announce that William A. Anderson, formerly of Shearson, Hammill & Co. and Winthrop, Mitchell & Co. has become associated with them in charge of the Bond Department.

Muskogee Co. Interesting

The Muskogee Co., which is tax-free in Pennsylvania, offers interesting possibilities for appreciation, according to a circular discussing the situation issued by Buckley Bros., 1529 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of the circular, which also contains interesting yield tables for the preferred and common stocks, may be had upon request from Buckley Bros.

E. Necarsulmer in N. Y.

Edward Necarsulmer, Jr. is now doing business as an individual dealer from offices at 120 Broadway, New York City. Mr. Necarsulmer was previously a partner in Pollard & Co.

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Thursday, January 27, 1944

Published twice a week
every Thursday
(general news and advertising issue)
and every Monday
(complete statistical issue—market quotation records, corporation, banking, clearings, state and city news, etc.)

Other Offices: 135 S. La Salle St., Chicago 3, Ill. (Telephone: State 0613), in charge of Fred H. Gray, Western Representative; 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Possessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

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Bank and Quotation Record—Mth. $20 yr.
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NASD 5% RULE WILL NOT STAND

As pointed out in the "Chronicle" last week one of the first acts of the new Board of Governors[1] of the National Association of Securities Dealers, Inc., a creature of the Maloney Act[2] passed by Congress in 1938, was to "affirm" the vicious 5% gross mark-up limitation decree which the members were first apprised of in a letter dated October 25, 1943 bearing the signature of Henry G. Riter, 3rd of the New York Stock Exchange firm of Riter & Co., as Chairman of the Board of Governors[3].

It must be remembered that Article VII, Section 1,[4] of the by-laws of the Association and the Maloney Act[5] both call for the submission to the members of any new rules of fair practice or amendments to the existing ones.

But the Governors have taken the attitude that when they decreed that members were not to go in for gross mark-ups of more than 5% they did not adopt a new rule but simply interpreted rule No. 1 of the Rules of Fair Practice of the Association, which reads:

> ***"A member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."***

Now, if this line of reasoning is valid why were twenty-five more rules of fair practice adopted after this initial one? The answer is that those who were responsible for all those extra twenty-five rules realized that that line of reasoning just would not be tolerated.

And last week when the Governors affirmed the 5% decree it really meant that Wallace Fulton, Executive Director, and others in control of the Association, are still saying they are going to run its affairs in as autocratic a manner as they see fit whether the rank and file of the members like it or not and they defy Congress to do anything about it.

If the SEC does not abrogate this rule, as it is called upon to do under the Maloney Act, you may be sure Congress will take up the challenge.

We believe, too, Congress will also be interested in the economics of the rule. We feel certain no member of the House or Senate is going to see a rule like this stand which will not only force the small dealer in securities out of business but will in time kill the market for the securities of the smaller corporations of the country. We hope to say more on this phase of the subject next week.

Meanwhile, it is to be noted that specific dealer opposition to the rule is now developing. In the latter part of last week, for example, a group of dealers engaged legal counsel with a view to taking steps to bring about the rescission of the rule. Moreover, as we go to press, we learn that the

(Continued on page 414)

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Cooperation Of All Groups Necessary To Assure Full Employment

Chairman Of CIO Political Action Committee Disputes Alfred Sloan's Peace Time Income Of $100 Billion And NAM'S Program

In opening on Jan. 14, a two-day conference of political and labor leaders and research economists on the problems of reconversion and full employment during the transition and post-war periods, Sidney Hillman, Chairman of the CIO Political Action Committee, indicated that "we have limited the scope of this conference to a consideration of the domestic policies needed to assure full employment for the American people." Anything less than full employment, said Mr. Hillman, "will spell a stagnating economy of idle men and idle machines, farm surpluses and hunger, insecurity and desperation." "This," he added, "is the very breeding ground of Fascism which our sons and brothers are today shedding their blood to exterminate." Essaying that "full employment is not something automatic," Mr. Hillman declared that "hard thinking, bold planning and the unselfish cooperation of all groups is essential to its achievement." According to Mr. Hillman "our present national income of $140,000,000,000 still falls far short of providing the American people with purchasing power to satisfy their demand for goods and services, though it is the highest national income in our history." Mr. Hillman criticized the proposal (appeared in the "Chronicle" of Jan. 6, 1944—Editor) by Alfred P. Sloan, Jr., Chairman of the Board of the General Motors Corp., who, at the recent annual dinner in New York of the National Association of Manufacturers, indicated he looked toward

Sidney Hillman

(Continued on page 402)

Business And Withholding Taxes

L. J. BENNINGER*

The Current Tax Payments Act of 1943 brought to the public's attention a significant development in taxation, that of further imposing upon the employer duties and responsibilities hitherto considered as primary functions of the Internal Revenue Department of the national government, and the departments of taxation of the several states. The purpose of this article is (1) to point out this trend in delegating to business a greater and greater share of the burden of tax collection through the medium of withholding taxes on wages; (2) to describe the effect of such a policy on business; and (3) to evaluate this development in the light of possible alternatives.

Although in the past government has called upon business for assistance in collecting revenue, such activity has been of relatively minor importance in affecting the accounting routines and operating expenses of each particular business involved. Excise taxes, in general, have been easy to collect and account for in that they have been based specifically on the individual unit or number of units sold or produced or on an **ad valorem** basis measured by a percentage of the selling price. However, with the passage of income tax laws in which payroll deductions are used as the primary method of individual income tax collection, business universally has faced increased expenses through the expansion of the activities of the payroll department and new and diverse

L. J. Benninger

***Mr. Benninger is a member of the faculty of the School of Business Administration of Miami University, Oxford, Ohio.**

(Continued on page 404)

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Full Employment in U. S. Most Effective Guarantee Of Post-War Recovery Of International Trade

The United States could make no more effective contribution to the revival of international trade after the war than to adopt a domestic program which would guarantee substantially full employment, according to Dr. Calvin B. Hoover, Dean of the Graduate School of Duke University and a member of the research staff of the Committee for Economic Development. Speaking before the New York University Institute on Post-War Reconstruction, on Jan. 19, Dean Hoover minimized the effects on world trade of tariff revisions, although stating that he favored tariff reductions on the basis of reciprocal trade agreements.

Calvin B. Hoover

In the view of Dean Hoover, "our chief contribution to the revival of international trade should be, first, a successful domestic program of substantially full employment in the United States; second, our participation in international agreements like those for an International Clearing Union and an International Bank of Reconstructon for long-term loans which, if successful, would facilitate alike the creation and maintenance of national full employment programs and the elimination of trade barriers, and, finally, the reduction of our own tariffs upon the basis of careful study and negotiation on the basis of the Reciprocal Trade Agreements."

It was pointed out by Dean Hoover that "changes in our national income on account of alternating between periods of depression and prosperity are much larger than almost any conceivable changes in our national income which are likely to result from changes in our tariff or in other similar factors directly affecting our volume of trade." "On the other hand," he added, "our volume of imports and exports is itself more affected by changes in depression and prosperity in the United States than it is apparently affected by changes in our tariffs. Putting the matter crudely, if we ask, 'What would increase our exports and imports more than anything else' we would have to answer, 'Anything which would insure a high level of employment in the United States.'"

The speaker said that although the removal of trade barriers and restrictions is of less direct importance to the United States than it is to most European and South American countries, this country should cooperate with other countries in taking steps to revive international trade as soon as peace is declared.

"If this country appears to be the chief stumbling block to world trade," he said, "we can expect great resentment coupled with the possibility of joint retaliatory measures against us."

Dean Hoover stated it as his belief that the United States will have to make more foreign loans and invest more capital abroad if it expects to continue to enjoy a favorable balance of trade but he warned against a policy which would make it impossible for foreign countries to repay these loans by exporting goods to the United States. He went on to say:

"Since our international trade has shown a tendency towards an export surplus of goods and services, it is essential that we should continue to lend and invest abroad so long as we desire that export surplus to continue to exist. Otherwise an insupportable pressure upon the exchange value of the currencies of other countries would occur and they would be driven to exchange depreciation or exchange control and associated trade restrictions. Some means would have to be found, however, to prevent the situation which arose in the early thirties when the pressure for repayment of foreign loans and investments and the interest and dividends due on them was a powerful factor in intensifying the world-wide depression.

"Unless there is a prospect that we should sometime desire an import surplus the continuance of an export surplus is the equivalent of an international WPA in which we give away part of the production of the country to citizens or subjects of other countries."

Crouse, Bennett To Admit Harold Chapel

DETROIT, MICH.—Harold R. Chapel will become a partner in Crouse, Bennett, Smith & Co., Penobscot Building, members of the New York and Detroit Stock Exchanges, on Feb. 15. Mr. Chapel is manager of the municipal bond department for the firm.

New Service On U. S. Government Securities

There will be a Fifth War Loan for approximately $14,000,000,000, the same amount as is now being borrowed by the United States Treasury, in late spring, it was disclosed Jan. 24 in "Reporting On Governments," a new weekly service on U. S. Government securities, edited by S. F. Porter, New York.

The editor, a recognized authority on Government finance and author of "How to Make Money in Government Bonds," outlines the probable pattern of war financing during 1944 and further predicts that following the Fifth War Loan, there will be a commercial bank borrowing in mid-summer and a Sixth War Loan in the fall. This will mark the final financing of the year, it is said.

"Reporting On Governments," according to its editor, is being published as a source of information and guidance to banks, insurance companies, corporation treasurers and investment house officials on trends in Government bond prices and interest rates. It is published weekly and contains such information as behind-the-scenes activities in Washington and Wall Street, terms of new financings, profitable switches in securities and reports from dealers.

In commenting on the service, which is the only one of its kind in the country, and is being published from One University Place, New York City, S. F. Porter said: "Government bonds today are the major investment of banks, insurance companies and many large corporations. The objective of this news letter is to aid these institutions in investing their funds in the most conservative and profitable manner."

For the past ten years, S. F. Porter has written a column on Government securities for leading financial periodicals.

Cecil With Fla. Securities

ST. PETERSBURG, FLA.—John Cecil, who was with the trading department of H. M. Byllesby & Co. of Philadelphia for 17 years, is now associated with the Florida Securities Co., Florida National Bank Building.

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AFL Rejects Reentry Of Miners' Union

The American Federation of Labor's executive council on Jan. 24 rejected John L. Lewis' terms for readmission of his United Mine Workers into the Federation, and offered to take the miners back only on the same status under which they were members until 1936.

In Associated Press advices from Miami, Fla., from which we quote, it was also reported:

Although the Council's proposal would limit Lewis' jurisdiction to the coal mining industry, it did not necessarily close the door to further negotiations on the question of the UMW's District 50, which includes miscellaneous crafts.

An AFL committee was instructed to meet again with the miners if Lewis was willing.

Lewis' terms had been "take us as we are."

Mr. Green said his recollection of UMW's jurisdiction at the time of its separation from the AFL in 1936 covered mine and coke oven employees only.

Mr. Lewis paid per capita tax to the AFL on 400,000 members that year when he was suspended for organizing the CIO. He formed District 50 later. UMW now claims about 600,000 members.

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KNOXVILLE, TENN.—James F. Smith has formed James F. Smith & Co. with offices in the Burwell Building, to act as participating distributors and dealers in United States Government, municipal and corporation bonds and local securities. Mr. Smith was formerly for many years Vice-President of the Fidelity-Bankers Trust Company in charge of the bond department.

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Railroad Securities

The senior liens of Baltimore & Ohio have finally been coming into their own in the past week or so. Students of railroad securities have long contended that on the basis of actual underlying investment worth, these liens were among, if not actually, the best value to be found in the rail list. In particular it has been pointed out repeatedly that the bonds would presumably be assured of undisturbed treatment in the event that the Baltimore & Ohio eventually had to undergo judicial reorganization. Therefore it was difficult to reconcile their low price with the prevailing when issued prices for railroads now undergoing reorganization or with prices for liens remaining undisturbed in such pending reorganizations.

It would be gratifying to report that this reasoning had finally been recognized by the general investing public and had been the cause for the recent sharp spurt in prices. Apparently the question of basic values has had at best a minor role in this recent price strengthening, however. It has taken a flood of rumors as to Baltimore & Ohio's plans for taking care of its 1944 maturities to stimulate interest in even its senior bonds. One interesting feature of the recent market trends has been that the rise in the senior liens has been accompanied by some fairly heavy liquidation of the 4s, 1944.

The feeling has been growing that no matter how the 1944 maturity problem is handled the 1st 4s and 5s, 1948 represent better value at their lower prices. Even if the 4s, 1944 are paid off in full in cash it is expected that greater percentage price appreciation will be experienced by the 1st Mortgage bonds merely in reflection of relief that the crisis has been passed successfully. On the other hand, if the 4s, 1944 are not paid off and should by some remote possibility result in bankruptcy of Baltimore & Ohio the relatively better value of the security behind the 1st 4s, and 5s, 1948 would immediately assert itself. Anything between these two extremes such as part payment of the maturity in cash and extension of the balance (the step which appears the most likely) would also react to the relative benefit of the 1st Mortgage bonds as against the 4s, 1944.

So far rumors of a plan to handle the 1944 maturity problem, which includes some $72,000,000 owed on an RFC note, have proved unfounded and it appears likely that no definite steps will be taken for some months to come. However, on the basis of the earnings outlook over the visible future and the progress made by the management last year in reducing its debt, it is safe to predict categorically that the problem holds no threat of bankruptcy. There is little, or no, question but that the RFC will assent to an extension of its debt, including the 4s, 1944 which it holds. If the worst came to the worst, then, the company would be well able to pay off the entire amount of 4s, 1944 outstanding with the public, amounting to only about $30,000,000.

The real problem affecting the credit of Baltimore & Ohio is not the 1944 maturity but the amount of debt other than this issue it will be able to retire. If it is necessary to pay off only part of the maturity in cash the funds released for other debt retirement will be just that much larger. Interest savings on other debt retired will be considerably greater for each dollar used than will be possible by retirement of the 4s, 1944. The latter must be paid at par while other debt is available in the open market at substantial discounts. Last year the company purchased or retired between $71,000,000 and $72,000,000 of debt.

Under its present voluntary debt readjustment plan fixed charges on publicly held debt have been reduced to around $18,200,000 and total fixed and contingent charges to below $28,000,000. Under any foreseeable economic conditions there could be no question as to the ability of the company to cover the fixed charges at least, and under all but severe depression conditions it should be possible to cover the entire fixed and contingent requirements. To restore its credit, however, it is generally conceded that the total requirements should be reduced to around $22,000,000. This would involve additional debt retirement of between $120,000,000 and $125,000,000. This is obviously too optimistic a program to hope for in the current year but could well be accomplished with no more than two years, 1944 and 1945, of continued high earnings.

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Ohio Municipal Comment

By J. A. WHITE

Not for a long time has the dearth of Ohio municipals been as pronounced as during the past two months or so. New issues have been practically non-existent. During 1943 we became accustomed to this lack of new issues, but this dwindling supply has been further aggravated recently by the virtual absence of liquidation of Ohios in the secondary market.

While several large blocks of municipals outside Ohio have recently been sold by institutions and public funds, largely to provide funds with which to purchase Governments in the Fourth War Loan Drive, nevertheless, the holders of Ohio municipals appear to be content to keep them. The largest of the State funds in Columbus has in each of the previous drives sold a few million dollars worth of Ohios, at competitive bidding. But, as a result of the investment in Governments of current income and maturities of municipals, rather than as a result of these sales, this fund has over half of its total assets in Government securities at this time. The next largest of the State funds also has over half of its assets in Governments, without having sold any of its municipals, but again, principally through the investment of its current income, interest and maturities.

With municipals thus declining so rapidly in relative proportion of total assets, these funds have little inclination to accelerate this trend by further sales of their Ohios. Perhaps other institutions and public funds are of like mind, or will find themselves in such position. At any rate, there is no intention on the part of the State funds in Columbus to sell more of their municipals at this time. Furthermore, public sinking funds and other such investment funds of Ohio subdivisions have sold very few Ohios indeed, not entirely because State laws prohibit the sale of investments by certain county and school district funds for the purpose of reinvesting even in U. S. Governments.

Ohio Price Level More Stable Than General Market

This absence of selling of Ohios will large account for the fact that prices in the Ohio market declined only slightly last November and December, when talk of an early peace, and an early resumption of municipal financing on a large scale, caused the price level of general market municipals to sag more noticeably than in Ohio. By the same token, since Ohio prices did not decline so much, neither has the recovery since mid-December been so noticeable as in the general market.

The market has entered the Fourth War Loan Drive with prices holding firm. If the experience of the previous drives repeats itself, we should expect the municipal market to rise at least slightly, even as the War Loan Drive progresses, and as its success becomes more and more nearly an accomplished fact.

In the last drive, many municipal dealers, along with other dealers, individuals, etc., were neglecting the investment of their funds in municipals, while subscribing for Governments. Some of these dealers perhaps, found

(Continued on page 411)

Ohio Sales Tax Receipts $21,000,000 Above Estimate

Boomed by the spending of war workers' paychecks, Ohio's 3% retail sales tax yielded $21,000,000 more in 1943 than the $40,000,000 top estimate made at the beginning of the year by the Bricker administration's fiscal experts.

Figures furnished by State Treasurer Don H. Ebright showed total gross returns of $61,752,000, the second highest total since the tax was established back in 1935 as an aid to poor relief and local governments.

When rationing was instituted in 1942, collections fell to $59,009,000 but climbed back some $2,750,000 last year, as more and more Ohioans drew paychecks from war industries—and spent them.

The gross take must be differentiated from the "net total," as the gross figure includes the vendors' discount, the 1% commission paid to county treasurers and credit memoranda accepted in lieu of cash. The net yield for 1943 was $58,848,000, as against $56,178,000 the previous year.

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Ohio Brevities

Resources and deposits in Cleveland's five largest banks as of Dec. 31 declined slightly from all-time high marks established at the end of last September.

Total resources in these banks totaled $1,852,797,961, or approximately $12,600,000 under the peak of $1,865,420,070 at Sept. 30. Deposits slumped about $20,000,000 to $1,724,367,198. Both items, however, were over $450,000,000 larger than the 1942 year-end. Time and demand deposits of many banks were at new highs or showed gains, but a reduction in the War Loan account was mainly the reason for the decline. Loans and discounts dropped further, at $397,431,234, off $58,000,000 in three months.

U. S. Government bond holdings edged nearer the billion-dollar point at $980,029,500, a gain of $330,892,000 for the year. These holdings were at a fresh peak. Cash on hand climbed $43,500,000 to $381,054,000.

* * *

Society for Savings and Union Bank of Commerce displayed record-breaking statements. Society scored highs in its 94-year history in resources, deposits and governments while Union Bank reported call-date tops in deposits, resources and loan commitments. National City Bank exhibited new highs in assets, deposits and capital, surplus and undivided profits. Central National governments are the highest ever while its capital account, including reserves, reached $17,001,454, the first time it has exceeded $17,000,000.

* * *

Cleveland Trust Co., largest bank in Ohio, reported time and demand deposits achieved new highs but total deposits were down $30,000,000 from September's record. Resources declined to $839,163,951 from Sept. 30th's $867,524,985, a total that boosted the bank from 20th to 17th largest bank in the country.

* * *

Russell I. Cunningham, former President of the Cleveland Stock Exchange, has been nominated to the post by the nominating committee, William Perry, acting exchange secretary, announced.

Cunningham, partner in Cunningham & Co., served three terms as President from 1939 through 1941.

Four names were submitted for three positions on the board of governors. They are Daniel Baugh III, floor trader with Gordon Macklin & Co.; Lloyd O. Birchard, partner of Prescott & Co.; Percy W. Brown, resident partner of Hornblower & Weeks, and S. Prescott Ely, partner of Curtiss, House & Co. Ely is President now.

Members of the nominating committee were Richard Gottron, partner of Gillis, Russell & Co.; W. A. Hawley, partner of Hawley, Shepard & Co., and Earl Finley, partner of Finley & Co.

The annual meeting of the Exchange will be held Feb. 16.

* * *

Norman V. Cole, active in Cleveland's financial district and

(Continued on page 411)

Ohio Municipal Price Index

Date—	*	†	‡	§
Jan. 26, 1944	1.39%	1.56%	1.22%	.34%
Jan. 19	1.40	1.57	1.23	.34
Jan. 12	1.40	1.57	1.23	.34
Jan. 5	1.40	1.57	1.23	.34
Dec. 15, 1943	1.42	1.59	1.24	.35
Nov. 17	1.39	1.57	1.22	.35
Oct. 13	1.39	1.58	1.21	.37
Sep. 15	1.43	1.62	1.24	.38
Aug. 18	1.44	1.63	1.25	.38
July 15	1.50	1.68	1.32	.36
Mar. 16	1.76	1.97	1.55	.42
Jan. 1, 1943	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43
Jan. 1, 1941	1.88	2.14	1.62	.52
Jan. 1, 1940	2.30	2.58	2.01	.57
Jan. 1, 1939	2.78	3.33	2.24	1.09
Jan. 1, 1938	2.98	3.42	2.55	.87

*Composite index for 20 bonds. †10 lower grade bonds. ‡10 high grade bonds. §Spread between high grade and lower grade bonds.

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Stock & Bond Club Of Cincinnati Elects

CINCINNATI, OHIO—The Cincinnati Stock & Bond Club Trustees met Friday, Jan. 21st and elected the following officers to serve for the coming year: President, John G. Heimerdinger of Walter, Woody & Heimerdinger; First Vice-President, Clair S. Hall Jr. of Clair S. Hall & Co.; Second Vice-President, Joseph H. Vasey of H. B. Cohle & Co.; Secretary, Lloyd W. Shepler of Merrill Lynch, Pierce, Fenner & Beane; Treasurer, Fred H. Becker of Field Richards & Co.

Bert M. Foley Is Now With Gordon Macklin

(Special to The Financial Chronicle)

CLEVELAND, O.—Bert M. Foley has become associated with Gordon Macklin & Co., Union Commerce Building, members of the Cleveland Stock Exchange. Mr. Foley in the past was Vice-President of Merrill, Turben & Co. and recently has been with The Directors Research Association of Cleveland.

Leo M. Greany Forms Own Firm In Cleveland

(Special to The Financial Chronicle)

CLEVELAND, OHIO — Leo M. Greany has formed L. M. Greany & Co. with offices in the Fidelity Building, to engage in a general securities business. Mr. Greany was formerly Vice-President of The First State Corporation of Toledo. Prior thereto he was manager of the investment department of Krantz-Newton & Co. of Cleveland and was with Saunders, Stiver & Co. and Pulliam, Emery & Co.

Gillis, Russell Adds H. Cross To Staff

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Howard E. Cross has rejoined the staff of Gillis, Russell & Co., Union Commerce Building, members of the Cleveland Stock Exchange. Mr. Cross for several years has been with William J. Mericka & Co. Prior thereto he was with Gillis, Russell & Co.

Cayne, Ralston & Co. Adds David Callahan

(Special to The Financial Chronicle)

CLEVELAND, OHIO—David G. Callahan has become associated with Cayne, Ralston & Co., Union Commerce Building, members of the Cleveland Stock Exchange. Mr. Callahan was formerly with Merrill Lynch, Pierce, Fenner & Beane.

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Bowser Looks Good

Bowser, Inc., as now constituted, has an exceptionally favorable post-war outlook with a widely diversified line of products for which there should be substantial demands when the war is over, according to a study of the situation prepared by Cruttenden & Co., 209 South La Salle St., Chicago, Ill., members of the New York and Chicago Stock Exchanges. Copies of the study, discussing the current situation and the prospects of Bowser in some detail may be had upon request from Cruttenden & Co.

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NASD District No. 13 Elects Fish Chairman

The National Association of Securities Dealers, Inc., District No. 13, at its annual meeting on Jan. 17, 1944, chose for the ensuing year, as Chairman, Irving D. Fish, partner of Smith, Barney & Co., New York; as Vice-Chairman, George W. Lindsay, President of Swiss-American Corp., New York; Frank L. Scheffey as Executive Secretary and George F. Rieber as Assistant Secretary.

The other members of the Committee are: Herbert F. Boynton, F. S. Moseley & Co., New York; James Currie, Jr., Troster, Currie & Summers, New York; Frank Dunne, Dunne & Co., New York; Wright Duryea, Glore, Forgan & Co., New York; Tracy H. Engle, Buckley Bros., New York; A. James Eckert, Mohawk Valley Investing Co., Utica, N. Y.; Charles F. Hazelwood, E. H. Rollins & Sons, Incorporated, New York; Wilbur G. Hoye, Chas. W. Scranton & Co., New Haven, Conn.; Julius A. Rippel, Julius A. Rippel, Inc., Newark, N. J.; David S. Rutty, Sage, Rutty & Co., Inc., Rochester, N. Y.

Reorganization Rails Comprehensive Analysis

The fourth of the Campbell Series of analytical studies of reorganization railroad securities is now on the press. More comprehensive than the previous analyses, this new report covers the securities of the following seven reorganization rails: Seaboard Air Line; Denver & Rio Grande Western; St. Louis-San Francisco; Missouri Pacific System; New York, New Haven & Hartford; Chicago, Milwaukee, St. Paul & Pacific; and Chicago, Rock Island & Pacific. The report includes traffic factors and statistical resume showing trends and standard of measurement for these rail securities as compared with 20 of the leading solvent roads; 20-year record of earnings applicable to fixed and contingent charges together with fundings and all dividend requirements of new issues to be traded; arbitrage tables covering these seven roads so that the buyer may obtain the new reorganization securities at the lowest possible prices predicated upon the Campbell evaluations.

The price of this new report is $7.50. Checks should be sent with all orders — address Thomas G. Campbell, Railroad Consultant, C. E. Stoltz & Co., 25 Broad St., New York City.

RR. Situation Attractive

Common stock of the Minneapolis & St. Louis Railroad offers interesting possibilities according to a circular issued by Adams & Peck, 63 Wall St., New York City. Copies of this circular discussing the situation may be had upon request from Adams & Peck.

I. B. Pollard in N. Y.

I. B. Pollard is engaging in a securities business from offices at 120 Broadway, New York City. Mr. Pollard was previously a partner in the dissolved firm of Pollard & Co.

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Tomorrow's Markets Walter Whyte Says——

Current dullness, small volume, indicates refusal of bids to go up for stock and similar refusal of offerings to go down to bids. Believe all this a prelude to advance.

By WALTER WHYTE

Despite the fact that underlying strength pokes its head up every now and then, surface indications leave most of the Street either yawning out loud or shaking its head and muttering dark forebodings.

* * *

Since the previous column was written stocks have shown little interest in proceedings; that is, all but the rails. They have gone up through offerings and on volume. A great deal of their strength was attributed to their turnback to private ownership.

* * *

The utilities have also shown an occasional bubbling desire to get some market steam up and here and there a stock displayed its independence. But either the utilities don't have the romance or the sponsorship, for so far their action is nothing to get excited about.

* * *

On the industrial front stocks have apparently made their highs some two or three weeks ago and since then have been overtaken by a deep ennui. This has given rise to an accumulative feeling that all isn't so good with the market. It is odd that while this feeling is gradually taking hold for the immediate future you can't get hold of any market letter which has anything but kind words to say for the Spring and Summer. One of those "Now-I'll-tell-you - what - I - think" things before me says, ". . . . Irrespective of the near-term action of the market, a new high will be witnessed this Spring or Summer . . ." Most of the other

(Continued on page 411)

Banco de Fomento
de Puerto Rico
SAN JUAN, PUERTO RICO

announces the appointment of

MR. D. R. BONNIWELL
(*formerly Manager Municipal Department*
Kneeland & Co., Chicago)

as Finance Director of this
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as of December 1, 1943

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Mr. WILLIAM A. ANDERSON

has become associated with us as manager
of our bond department

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$28 Billion To Be Spent By Consumers And Trade At War's End, Moll Says

(Continued from first page)

in savings for these intended purchases," Moll said.

Among the articles he listed for immediate post-war buying intentions of families were:

1,540,000 plan to spend $7,184,800,000 to buy or build new homes.

Planned home and farm improvements will amount to $7,500,000,000.

3,675,000 intend to spend $3,307,500 for new automobiles.

13,725,000 will spend $1,215,910,000 for major household appliances.

6,440,000 families intend to spend $711,410,000 for home furnishings and floor coverings.

Pointing out that the average anticipated expenditure for retail and distributor post-war property improvements is set at about $8,600, Moll said it includes new mechanical and delivery equipment, store fronts and windows, air conditioning, counters and shelves, remodeling interiors, typewriters, bookkeeping machines, calculators, furniture, carpets and linoleum, lighting equipment, and automobiles for salesmen and general utility purposes.

He said 85% of the families said they intend to buy a certain major article because their present one is worn out, whereas only 15% plan to buy something they never owned before.

"The vast reservoir of accumulated consumer savings, renewal of advertising and merchandising, and the revival of installment buying, will stimulate additional purchases by people who are not now planning to buy major articles after the war," Moll said. "It will only be through consumer buying that our plant capacity will be utilized, raw materials be used, and jobs be provided for all who will be willing to work."

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Real Estate Securities

Discrepancies?

With the realization that New York City real estate bonds seemed very cheap—an influx of buying has taken place in the last year. However, the buyers in their enthusiasm of buying have, in the writer's opinion, caused somewhat of a discrepancy in price in various type issues.

For instance, the mortgage bonds of 40 Wall Street are currently 30½ bid—up in price 100% from the same period last year. These bonds are secured mainly by a mortgage on the leasehold estate and the building. Failure to pay ground rent could cause dispossession, with the result that the bonds in that event could be impaired. This is always a disadvantage in owning leasehold bonds and the reason we prefer fee bonds which represent a mortgage on both the land and building. You may recall the Pierre Hotel, also a leasehold, the $4,000,000 bond issue which was wiped out several years ago because of failure to meet ground rent.

The bonds on 40 Wall Street have not paid any interest since reorganization. Compared with their 30½ price, you can buy the first mortgage fee bonds on the Wall & Beaver Street Building, which paid 3½% last year and at the rate of 4% so far this year at 38½.

Still more remarkable, you can buy the first mortgage fee bonds on 165 Broadway only four points above the cost of 40 Wall's—and the 165's pay 4½% fixed interest.

Trading two and one-half points lower than the 40 Wall's are the first mortgage fee bonds on the Harriman Building at 39 Broadway. This property has just been reorganized and the property is 100% owned by the bondholders.

Trading three and one-quarter points lower than 40 Wall's are the first mortgage fee bonds on 61 Broadway, currently in reorganization.

There also seem to be a few odd facts about hotel bonds in New York. The first mortgage bonds of the Sherry Netherland amounting to $6,000,000, with only 375 rooms, amounts to $16,000 per room. This bond, which paid 2½% last year, is selling at 36%. Against this the first mortgage bonds of the Ritz Tower Hotel, which also pay 2%, sell at 29%. This bond issue is $2,619,125 and the hotel contains the same amount of rooms as the Sherry Netherland.

Other interesting comparisons are the first mortgage bonds on the Granada Hotel, paying 2%, selling at 41%, with the first mortgage bonds on the Hotel St. George paying twice as much interest and selling at 56. Second mortgage bonds on the Governor Clinton Hotel paying 2%, selling at 46 and selling only three points higher, the second mortgage bonds of the Park Central Hotel which this year will pay 5¾% in interest.

We are still of the opinion that real estate bonds are cheap. We recommend, however, that it would be very wise to make comparisons before buying any bonds.

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Tax Measure Sent To Conference For Adjustment Of Senate-House Differences

The Senate passed on Jan. 21 the $2,275,600,000 tax bill in a form amended from the House version and the adjustment of the differences in the measure have been undertaken by a joint conference committee. The Senate adoption, on a voice vote, came after a series of compromise amendments to the war contracts renegotiation sections of the measure had been accepted. This phase of the Senate bill, however, is expected to provide the principal point of difference with the House-approved legislation. It is estimated that the bill passed by the Senate would raise $130,000,000 more revenue than the House measure, adopted on Nov. 24.

The Senate had been debating the new revenue measure for nearly two weeks, since its Finance Committee had not formally reported the legislation until just prior to the Christmas holiday recess. Both measures fall far short of the Treasury Department's request for additional revenue of $10,500,000,000, which President Roosevelt had again called for in his annual budget message.

The Senate and House conferees agreed on Jan. 25 on the Senate's income tax provisions of the bill deciding to put the 5% Victory tax on a flat 3% basis on income over $624 a year. The House had favored a plan of integrating the Victory tax with the normal income tax and substituting a 3% "minimum" tax on lower income groups. The sections which are estimated to yield $664,900,000 more from individual income taxpayers—the repeal of the earned income credit and the elimination of the deductions for Federal excise taxes paid—were contained in both bills and not subject to change in conference.

Also agreed on by the conferees was the abolishment of the 6% penalty for substantial error in estimating future tax liabilities under the pay-as-you go tax law and requiring that the individual's status as a taxpayer, so far as personal and dependents' credit are concerned, shall be determined as of July 1 of any given year.

The revenue in the Senate bill is estimated to be made up as follows: $664,900,000 from individual income taxpayers; $502,700,000 from the corporations' excess profits tax; $1,011,100,000 in excise tax rises and $96,900,000 from higher postal rates.

Also included in the Senate version is an amendment freezing social security tax rates at their present 1% for employers and employees, instead of permitting the rates to double on March 1 as provided under existing law. The Treasury estimates that this action, which still must be approved by the House, would deny the Government $1,400,000,000 which otherwise would have been collected.

In debating on the renegotiation amendments on Jan. 21, the Senate rejected a proposed amendment which would have permitted corporations and individuals to set aside 20% of their gross tax as a post-war reserve. Under the plan offered by Senators Truman (Dem., Mo.) and Hatch (Dem., N. M.), the taxpayer-beneficiary would have been required to invest the reserved moneys in non-negotiable, non-interest bearing Government bonds, redeemable after the war, and taxable as income at that time.

Another amendment which was rejected would have exempted most public utilities from renegogiation.

Previous Senate action on the tax bill was noted in our issue of Jan. 20, page 266.

Officials Of New Listed Co. Visit N. Y. Stock Exchange

George A. Anderson, President of Chas. Pfizer & Co., Inc., John L. Smith and John J. Powers, Vice-Presidents, together with Albert A. Teeter, Treasurer, were guests of Emil Schram, President of the New York Stock Exchange, upon the occasion of admission to trading of the company's common shares on Jan. 17. The guests visited the floor and had luncheon in the Exchange which was attended also by Howland S. Davis, Executive Vice-President of the Exchange, and Michael L. Bregman, specialist in the company's securities.

Public Utility Securities

New Utility Stocks in 1944

During 1943 five utility operating company common stocks were offered to the public, and were well received despite market handicaps in several cases. They were Houston Lighting, Idaho Power, Public Service of Colorado, Central Vermont Public Service and Derby Gas & Electric. All were subsidiaries of holding companies in process of dissolution under the Utility Act and cash obtained from the sales will presumably be devoted to retirement of the holding companies' senior securities. One new stock was also "distributed" . . . Philadelphia Electric was issued to U. G. I. stockholders.

It seems likely that in 1944 this flow of offerings will continue at irregular intervals. A considerable amount of legal work, plus the negotiations with banking groups, is required. Frequently several regulatory Commissions must approve the deal—SEC, FPC and State Commission—and all may have certain requirements which must be met. Usually the balance sheet must be "tidied up," with the plant account written down by the amount of Account 107. Sometimes the Commissions also insist on amortization of earnings, or a dividend restriction of some kind, to improve capital set-up or take care of Plant Account 100.5 (the remaining balance over "original cost when first devoted to public use").

U. G. I. is expected to distribute Delaware Power & Light, probably in latter part of May. National Power & Light had also been expected to distribute Carolina Power & Light in the near future, in the ratio of one-for-six and at a later date Birmingham Electric in the ratio of one-for-ten. However, despite the fact that preliminary work was largely completed, the SEC has apparently changed its mind. Several years ago it indicated that it would be a good idea for National to put some cash into Pennsylvania Power & Light to improve its capital structure, in view of the very heavy writeoffs deemed necessary. According to the latest press reports, the SEC may prefer to have National sell Carolina and Birmingham, rather than distribute these stocks, in order to provide cash for rehabilitating Pennsylvania. The latter has been plowing back earnings for several years, but as the company was hard hit by excess profits taxes in 1942-43, the improvement in the financial picture has been less than anticipated. Hence the return to the original idea of a cash contribution—which National presumably would recoup by enhancing the value of its common stock equity in Pennsylvania.

It is reported that banking house groups are already in process of formation to handle the Carolina and Birmingham offerings. Carolina has total assets of about $91,000,000 (before reserves, writeoffs, etc.) and Birmingham approximates $35,000,000. Carolina is currently earning $1.21 a share on the reduced number of common shares (1,057,391 compared with 2,500,000 last year) but this earnings figure may be revised upward slightly by the effects of a capital contribution of National. Gross revenues have increased nearly one-half in the past four years but net has been somewhat irregular due to tax inroads.

Birmingham Electric share earnings have improved sharply in recent years—from 6 cents on the common stock in 1940 to $1.19 in the 12 months ended Nov. 30 (these figures will be modified by the pending readjustments). Some of this gain is doubtless due to the increased traction business brought about by war conditions. Birmingham is the most important steel city in the South.

Consolidated Electric & Gas, which last year filed a plan with the SEC to distribute a substantial part of its numerous stock holdings to bondholders, is arranging to sell one common stock issue, Central Illinois Electric & Gas. If this sale proves successful, the company might be encouraged to arrange some other sales.

Other holding companies may also come forward with new stock issues, but the list of possibilities is not very large since most of the holding companies are in no particular rush to sell. North American, Standard Gas and Cities Service propose to obtain bank loans at low rates in order to defer, or perhaps avoid, the sale of properties. Others like Commonwealth & Southern and American Power & Light propose to recapitalize on an all-common stock basis and distribute their holdings rather than sell them, but plans are always subject to revision—both the SEC and the holding company executives may change their minds.

4th WAR LOAN!
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C. I. O.'s Case

(Continued from page 394)

We need a great upsurge of unified support from all groups in the community to create a national striking force to finish off the Axis. Our enemies are on the run. This is the hour of our great test. I do not have any doubt that the Axis will be defeated—and at an early date. But I do fear the effect for years ahead of our failure to undertake our great impending effort with all the unity at our command.

We won the last war and lost the last peace. We created a world which bred Hitler and his crew in Europe. Nothing we do now can be permitted to pave the way for the spawning of such tragic consequences on this or other continents after this war. This is the issue we have organized to tackle.

The CIO Political Action Committee extends its hands to all other groups in the community determined to halt reaction in its tracks, here and abroad. To farmers, business men, small and large, and to other workers organized and unorganized, this Committee extends the hand of fellowship in a campaign to unify the country behind a program of full employment and full democracy in America.

We know now if we never did before how potentially rich this country is. Any country that can display such an outpouring of productivity when 10,000,000 of its most effective sons and daughters, its most alert and vigorous workers are in the armed forces, is not going to accept a return to an era of widespread unemployment.

The time for us and for all those who agree with us to begin to establish our program is now, not after the war. In the week of January 3d, 34 openhearths and electric furnaces were idle in the steel industry, a score of plants making armor plate for tanks have been abandoned, and unemployment is a growing phenomenon, not yet numerically serious perhaps but symptomatic of a downward trend. We are over a hump. The trade journals of big business have for months been talking about a return to civilian production. You can smell "business as usual" cooking in Washington today. To the nostrils of us who want to win the war quickly, to get our boys home, it is not a savory smell. But if something isn't done about it the tide running towards an abandonment of war production could become almost irresistible.

Our leaders in the administration of the war production program are not prepared for the transition period ahead. We need, if we are to maintain full employment of our manpower and our plants, to develop a program which will enable the production of increasing amounts of civilian goods as war production slackens. But we cannot permit the competition for the opportunity to produce civilian goods to undermine the war production program. This is the dilemma which the war production administrators must resolve.

We know from experience how unprepared these leaders were for the conversion of industry to war. And we know how long and hard organized labor worked and fought to get an all-out war production program. Well, we got *output*.

But what we advocated and what developed are two different things. We advocated a system of central administration of war production which would apply the principles of efficient production within a single firm to the whole program, controllng the flow of goods from the raw material to the finished product, synchronizing each stage with those preceding and following it, and subordinating the interests of the individual firm to those of the national war economy. This required a carefully balanced program with an impartial central administration and an end to practices of "business as usual."

Instead, we have a system in which the largest corporations dominate the program and threaten the joint interests of labor, agriculture and the small business man. Immediately before Pearl Harbor the auto industry was still reluctant to convert to war production. Each firm eyed the profits in civilian production of the others and hesitated to convert to making war goods. Meanwhile, no adequate plans were being made by those administering the war production program to utilize the war capacity of these firms. When conversion came, it required months of delay before the transition was complete. The entire war production program was thrown out of joint. Similar delays occurred in the expansion of other war facilities.

Only the gigantic potential productive power of the country and the loyal efforts of the average man, in the ranks of labor, agriculture and business have permitted us to win through. And in so doing they have demonstrated what can be done in this country if we are dedicated to an economy of abundance instead of an economy of scarcity.

Today, however, we find ourselves in much the same position as at the end of 1941, only the problem is reversed. Then the problem was how to secure a balanced war production program in which the biggest firms would convert and contribute the giant output of their workers and plants. Today the problem is to keep men at work on war production and pulling their weight in a balanced war economy, with just that amount of civilian production needed to take up the slack in our productive capacity. Now each firm is eyeing the others to be sure they do not get a profitable head-start in civilian production. And if anyone converts, all will want to, thus setting in motion the abandonment of war production and threatening a collapse of the war program.

The problem which labor, farmers and those business groups who place winning the war above selfish interests must face is how to maintain full employment until the last gun is fired against the Germans *and* Japs, and how to enlarge civilian production so as to secure full use of our productive capacities in men, machines and materials. If we can solve this problem we shall be well on the way to solving the problem of full employment after the war.

The question to which the average man wants an answer is: How can we maintain after the war the level of the $100,000,000,000 annual income we have achieved during the war? How can we attain the $200,000,000,000 annual income of which we have shown we are capable? I do not believe we will long be satisfied with less. Indeed, we know that this cannot represent our maximum effort since 10,000,000 of our most effective workers were in the armed forces when we made this record.

It is in the light of these demonstrated facts that we have conducted our discussion here during the last two days. And it is against these considerations that we measure the promises of the leaders of industry to give us an annual national income of $100,000,000,000, with only 8,000,000 of our workers unemployed.

Moreover, those war achievements demonstrate that we could have had something approaching this productive output throughout the decade of the thirties, while instead one-third of the nation was ill-fed, ill-clothed, and ill-housed and millions were continuously unemployed. This potential capacity required a world war to bring it into being. Certainly this was not because the millions who were unemployed, and the added millions who were underemployed, were not waiting to be mobilized for all-out production.

Today the United Steelworkers of America are spearheading the demand of the CIO that we do not return to the conditions of the thirties. They are demanding that their employers agree to a contract for the annual wage, and a guaranteed workweek.

Only by demanding stabilized and mounting production can organized labor hope to enjoy the benefits of America's new-found productive capacity. It is up to industry to meet this challenge and to the national administration to take the action necessary to implement this maintenance and expansion of high productivity. And labor must make known its views at the ballot box if the national administration is to recognize our demands.

The administration in turn must face the fact that the people of this country, and especially the returning servicemen do not believe that this production machine can only be geared to making goods to be blown up and thrown away.

Moreover, the people of this country know that the vast majority of our population needs a larger share of the abundance we know how to produce. Insecurity is at the root of most of the evils of our society, and labor believes that we do not need to sacrifice the dynamic and progressive potentialities of modern science in order to insure a decent security for the average man. On the contrary, we must harness those dynamic and progressive potentialities to the production of abundance for all.

By this war America has shown that she can continue to lead the world for many decades or even centuries to come if she lives up to her potential. But there are too many signs that we can lose our leadership and even our national institutions upon which that leadership depends if we do not democratize our economy.

It required the impetus of the Civil War to demonstrate to the world America's economic potential, and the World War to drive home our economic supremacy. What will the present war show?

Will it show that we have passed from maturity to senility in 25 years, or will it show that our real capacity to organize our powers is only being effectviely tapped for the first time?

It is not sufficiently realized, perhaps, that these decisions do not wait upon the end of the war. Today and every day many of the elements of these decisions are being arrived at during this period of transition, of reconversion from war to peace.

Adequate planning, and planning alone can correct this situation. And this in turn means the development of an overall program for reconversion such as the CIO supported in the form of the Tolan-Pepper-Kilgore Bill for efficient conversion to war production. Instead, we have been given a political device masquerading under the title of Office of War Mobilization. This office is in no way equipped to effect a successful transition to the post-war period. It cannot maintain full employment during the demobilization of industry. Indeed, it is not maintaining full employment of men, materials and machines today when the difficulties are at a minimum and our apparent shortages of finished goods are at a maximum.

If those charged with mobilizing war production cannot maintain full employment today, how are they going to absorb into other war jobs or into civilian production the millions of workers in aircraft and shipbuilding, and the other millons discharged from the armed services while the war is still going on? They must be shown now how to deal with these problems.

One of the great inevitable issues of the 1944 election is going to be, "What will be the shape of this country after the war?"

The vote of the CIO, I feel sure, will be cast in favor of a world in which full employment will be permanently built into the American system as part of our way of life. We have demonstrated our productive capacity during the war and we cannot be satisfied with less.

Many of our business leaders have suppressed this issue by vague talk about "free enterprise" and "the American way of life." Are they talking about maintaining democratic institutions, or are they talking about world cartelization?

The unrest among labor, farmers and small business men is traceable to one central anxiety: post-war depression. Today the cost of living is eating into our "take home" pay, and reducing our standards of living below those of pre-war 1941, at a time when most of organized labor enjoys the advantages of overtime pay. In the steel industry the cutbacks confront us already with considerably reduced pay envelopes to meet the rising cost of living. And there are layoffs. If it were not for continued heavy drafts for the armed services there would be more layoffs.

Our people are loyal, and patriotic, as our record in production, in bond buying, in blood-banks and the service records of our members will show. But our people are family men and women, home-loving, God-fearing, self-respecting people who do not take their obligations to their families lightly. They want jobs now and after the war. They want a peaceful, stable world for their children to grow up in and their sons, brothers and husbands to return to.

Organized labor, like agriculture and small business, feels no assurance about that world. They do not expect all the answers today, but they do want evidence that things are moving in the right direction. And they want their share of say about these directions.

To date labor has done the producing and the largest share of the fighting. It is our boys who make up the largest single group in Uncle Sam's forces. But whatever the canned propaganda spread by some of the press may tell you, it is not labor nor the average farmer, nor the small business man who is getting rich on this war. It is certain of the biggest businesses which have waxed rich and powerful, ever richer and more powerful. And this has been at the expense of labor, the average farmer, and the average business man.

The Under-Secretary of War, Robert P. Patterson, recently testified before the House Ways and Means Committee indicating that by the end of 1944 the accumulations of corporations during the period since 1941, including $21,800,000,000 total corporate income after taxes and after the distribution of dividends, will amount to at least $41,000,000,000, not counting profits.

Estimated corporate profits after taxes in 1941, 1942, 1943, as published by the December, 1943 Survey of Current Business of the Department of Commerce, amount to over $22,000,000,000. Profits have mounted annually since 1940, and continued their increase during 1943. Corporate profits for 1943 *after taxes* are the highest on record, or over $8,400,000,000 surpassing the 1929 record by at least $500,000,000. Earnings for the year, *before taxes*, aggregate $23,000,000,000 or much more than double the 1929 record. The 1943 earnings represent over 16% more than the 1942 record.

(Continued on page 408)

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number sixteen of a series.*

SCHENLEY DISTILLERS CORP.,
NEW YORK

What's in a Name?

Nice to pick up your favorite newspaper and read what's going on in the world, particularly on days when the news is favorable. Interesting, too, to read the advertising—to see names of products and places that are really friends of ours. Many of these names are on packages in our pantry just off the kitchen, in medicine cabinets in the bathroom, on the hubcaps of our autos, in our shirts and suits and shoes.

These are *names*, and some of them are so much more valuable than others. Look how apparently nonchalantly, but proudly, Mrs. John Doe throws her fur coat over the back of a chair, exposing the name of the furrier. Yes, there *are* some important names.

Very interesting, the history of names of makers and brands of merchandise—and trade-marks. We have been told that long before printing had been invented, the Guilds of the Middle Ages passed laws, compelling each member to stamp a personal identification mark on his goods. And most of these Guild members made goods according to self-imposed standards. Really, the original purpose of trade-mark laws was to help trace culprits who made sub-standard goods.

Later, the Guilds faded from history and so did their compulsory trade-mark laws. But some men were proud to continue putting their brand names on their products because they were proud of the goods they made. And the public found that goods bearing certain brand names pleased them better than did other goods bearing other names. For exactly the same reason, today, centuries later, consumers make most of their purchases by brand names.

Every once in a while somebody proposes to do away with all brand names and to sell manufactured and processed goods according to "standardized grades." Such a plan might develop a tendency on the part of some manufacturers to "get by" with the least that is required of them to meet a given standard. It would give little encouragement to those who have sufficient pride of achievement to provide the consumer with the biggest measure of quality—exceeding the minimum requirements. Laws would have to be passed compelling every maker to put a serial code number on his goods, so that if there were a complaint about his goods, it could be traced to him. Before long, buyers would discover that there is a *difference* in quality, even within the range of any one grade. But the buyers would have to remember the numbers, if they found certain articles in a grade better than others. And that would be awkward.

The movement to eliminate brand names would not do away with the inalienable right of consumers to shop for the best value for their money. It would merely substitute numbers for names. As for ourselves, we would rather be known by a name than a number. *Most Americans would.*

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Bank and Insurance Stocks

This Week—Bank Stocks

By E. A. VAN DEUSEN

Bank stocks performed very well in 1943, compared with general stocks and insurance stocks, as the following tabulation of percent appreciation shows:

Standard & Poor's Index of New York City Bank Stocks	28.0%
American Banker Index of New York City Bank Stocks	31.0%
Standard & Poor's Index of Fire Insurance Stocks	8.8%
Standard & Poor's Index of Casualty Insurance Stocks	10.3%
Dow Jones Industrial Average	13.8%
Dow Jones Composite Average	18.8%

A list of 20 leading New York City bank stocks shows an average appreciation, between Dec. 31, 1942 and Dec. 31, 1943, of 31.2%, which is approximately the same as the appreciation measured by the American Banker Index. However, there is a wide variation between individual stocks, as indicated in the accompanying Table I. Empire Trust heads the list with an appreciation of 58.1%, while J. P. Morgan and Co. foots the list with a 19.4% appreciation.

TABLE I
NEW YORK CITY
Asked Price

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Empire Trust	46½	73½	58.1
Brooklyn Trust	63¾	90	41.2
Cont. Bk. & Tr.	13⅜	18⅞	41.1
Com. Nat. B. & T.	169	235	39.1
Bank of New York	289	400	38.4
Bankers Trust	38	51	34.2
Cen. Hanover	75¾	99¼	31.0
Public National	28¾	37⅝	30.9
First National	1,145	1,495	30.6
Guaranty Trust	238	310	30.3
Manufacturers Tr.	37	47¾	29.1
New York Trust	74⅜	95¼	28.1
Chase National	29½	37⅝	27.5
Chemical Bk. & Tr.	39¾	50	25.8
Corn Exchange	37⅞	47⅝	25.7
Bk. of Manhattan	17	21¼	25.0
United States Tr.	1,050	1,310	24.8
Irving Trust	11⅞	14½	22.1
National City	30⅛	36½	21.2
J. P. Morgan	186	222	19.4
Average of 20			31.2%

In Table II, prices and percent appreciation for leading Boston and Philadelphia bank stocks are shown. Here again wide variations will be noted. Merchants National of Boston shows a fractional decline, while Fidelity-Philadelphia Trust shows an appreciation of 62.6%.

TABLE II
BOSTON
Asked Price

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Nat. Rockland	44	58	31.8
Nat. Shawmut	19½	24¾	26.9
First National	40¼	48½	20.5
Second National	125	128	2.4
Merchants Nat.	330	327	—0.9
Average of 5			16.1%

PHILADELPHIA

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Fid. Phila. Tr.	123	200	62.6
Provident Trust	157	225	43.3
Penna. Co.	27½	37	34.5
Girard Trust	35½	46	29.6
Corn Exch. Nat.	39½	50½	27.8
Tradesman's Nat.	108	137	26.9
First National	287	355	23.7
Cen. Penn. Nat.	30	37	23.3
Philadelphia Nat.	94½	111½	18.0
Average of 9			32.2%

A group of mid-western banks is shown in Table III, comprising leading institutions in Pittsburgh, Detroit, Cleveland and Chicago. Cleveland Trust Co. shows the maximum gain of 78.8% and National City of Cleveland the smallest gain of 14.5%.

Chase National Bank
Bulletin Available
Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
L. A. Gibbs, Manager Trading Department

TABLE III
PITTSBURGH
Asked Price

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Peoples Ptsbgh. Tr.	26	35⅞	38.0
First National	†31	39½	27.4
Union Trust	1,250	1,525	22.0
Average of 3			29.1%

DETROIT

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Manufacturers Nat.	*100	*150	50.0
Commonwealth	*94	*138	46.8
Industrial National	40	55	37.5
Detroit Bank	58	76	31.0
Nat. Bk. of Detroit	30	37⅝	25.4
Average of 5			38.1%

CLEVELAND

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Cleveland Trust	85	152	78.8
Central National	11½	20½	78.3
National City	27½	31½	14.5
Average of 3			57.2%

CHICAGO

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
First National Bk.	†174	230	32.2
Harris Tr. & Sav.	*306	*370	20.9
Northern Trust	490	590	20.4
Cont. Ill. Nat. B. & T.	80¼	94¼	17.4
Average of 4			22.7%

*Bid prices. †Adjusted retroactively for capital change.

In Table IV, four leading California banks are shown. California Bank in Los Angeles had the best performance with 58.3% appreciation, while Bank of America National Trust and Savings Association had the poorest with 27.1%.

TABLE IV
CALIFORNIA
Asked Price

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Calif. Bank (L. A.)	24	38	58.3
American Tr. (S. F.)	30½	43¾	43.4
Security First Nat. (L. A.)	37¼	50⅝	35.9
Bank of Am. N. T. & S. A.	35	44½	27.1
Average of 4			41.2%

Market performance is summarized geographically in the following tabulation:

City—	No. of Banks	Average Appreciation 12-31-42 to 12-31-43
Cleveland	3	57.2%
(State) California	4	41.2
Detroit	5	38.1
Philadelphia	9	32.2
New York	20	31.2
Pittsburgh	3	29.1
Chicago	4	22.7
Boston	5	16.1

Cooperation Of All Groups Necessary To Assure Full Employment

(Continued from page 395)

a peace-time income of $100,000,000,000.

"Under Mr. Sloan's estimate," Mr. Hillman told the 400 political, labor and liberal leaders present at the conference at Park Central Hotel in New York on Jan. 14, "our economy would operate at two-thirds capacity or less. A drop in national income to $100,000,000,000 would add up to unemployment for 10,000,000 to 15,000,000 American workers. It would ruin our farmers, throw thousands of business men to the wall and catapult us down a spiral of deflation that would make the crash of 1929 feel soft as a featherbed." Mr. Sloan's views were given in our Jan. 6 issue, page 57.

The conference at which Mr. Hillman spoke, held at the Park Central Hotel under the auspices of the CIO Political Action Committee, was also addressed by Vice-President Wallace, Philip Murray, President of the Congress of Industrial Organizations; U. S. Senator James F. Murray of Montana, Mayor Fiorello H. LaGuardia and others. It was made known at the time that the Committee proposed to formulate a comprehensive program on full employment and would ask its adoption by the two major political parties.

In calling the conference on full employment, CIO Political Action Committee, Mr. Hillman declared, is deeply conscious of the fact that all-out efforts to win the war must be maintained, because solution of post-war problems depends upon the successful outcome of the war. Mr. Hillman's remarks follow:

On behalf of the CIO Political Action Committee, I extend warm greetings to our speakers and guests. We are happy to welcome this representative group of CIO leaders and our many friends from Government agencies and progressive organizations outside of the ranks of labor who have come to participate with us in this discussion.

All of us are conscious that 1944 will be a decisive year. It has opened auspiciously as our armed forces and those of our Allies strike telling blows against the enemy. The decisions reached at Cairo and Teheran foreshadow new and mightier offensives in the coming months.

General Eisenhower has told us that we have it within our power to make 1944 the year of final victory in Europe. We can also make it a year which will lay the basis for the swift and certain defeat of Japan. It is our duty as Americans to dedicate ourselves to the realization of the promise that this historic New Year holds out to all mankind. That is the cardinal obligation which rests upon each of us. Every plan that we make, every action that we take must be measured by a single standard: Does it contribute to victory?

In calling this conference, we of the CIO Political Action Committee were deeply conscious of this obligation. It is a conference which will be devoted to the problem of full employment in the post-war period. Yet we conceive of it as a war conference—a conference which can make a very real and substantial contribution to victory.

Our men at the front and workers, farmers and businessmen here at home are already doing some hard and troubled thinking about jobs and security in the post-war world. If we here can begin to provide them with satisfying answers to their questions they will fight better, work harder and produce more to speed the day of victory. Plans made and action taken now to build the kind of world we are fighting for will strengthen our effort to destroy the enemy we are fighting against.

Moreover, we are today confronted with immediate issues which not only vitally affect the conduct of the war, but will in a large measure determine the direction of our post-war economy. Proper provision for our demobilized servicemen, an expanded social security program, the fight against inflation, adequate and equitable taxation, the recapture of excess war profits, methods of contract termination and questions of reconversion are all problems that press for attention. Solutions arrived at today while we are still in the midst of war will have an important influence in molding our peace-time economy.

We have limited the scope of this conference to a consideration of the domestic policies needed to assure full employment for the American people. We recognize, as all thinking men must, that we cannot build a prosperous and happy nation in the midst of a world torn by national rivalries, national insecurity and imperialist conflict that must inevitably lead to war. We are confident, however, that the Moscow, Cairo and Teheran declarations herald a new era in international relations—an era of national security based upon the close and continuing friendship and collaboration of the United Nations within the framework of a world organization dedicated to the maintenance of a just and enduring peace. We believe that the enthusiastic endorsement of these declarations by the overwhelming majority of the American people means that our nation has rejected the fatal policy of political and economic isolation and will play its full part in making the post-war years a period of progress and peaceful development in the international sphere.

The great goals outlined at Moscow, Cairo and Teheran—the objective of a world at peace for many generations, envisaged by Roosevelt, Churchill and Stalin—will not be realized without struggle. There are still groups in our own land and elsewhere within the United Nations who plan to pursue the old imperialist struggle for power who will attempt to foment distrust, division and conflict among the United Nations. We must fight and rout these forces in our midst just as relentlessly as we are fighting and routing the external enemy.

It is not our purpose to discuss these and other aspects of our international policy at this conference. We hope to call a second conference devoted to these questions when it will be possible to consider them in detail. For the purposes of our discussion today and tomorrow, we are making the basic assumption that victory in this people's war will be followed by a people's peace, making possible the development of our American economy in a world characterized by security, friendship and economic cooperation among nations.

In giving a name to this conference, we have stated our basic common objective for post-war America in its simplest terms: Full employment for our people. Full employment carries with it the full utilization of the productive capacity of our factories and farms. If we can provide jobs for all Americans able and willing to work, then the limitless wealth of our great land, our vast natural, industrial and human resources, will be devoted to the service of all.

Full employment states our objective in terms of jobs for workers. But its realization is essential to the well-being of every other group and section of our population. Only full employment can assure farmers a market for their produce and business — big and small—customers for their products. Anything less than full employment will spell a stagnating economy of idle men and idle machines, farm surpluses and hunger, insecurity and desperation. This is the very breeding ground of Fascism which our sons and brothers are today shedding their blood to exterminate.

Full employment is not something automatic. It will not come by itself. Hard thinking, bold planning and the unselfish cooperation of all groups is essential to its achievement. Let us not minimize the formidable obstacles which lie in the way.

Victory will return 10,000,000 men and women from the armed services to civil life. It will release another 20,000,000 to 25,000,000 from war production. Some $20,000,000,000 in new plants and equipment will have been added

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
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8 West Smithfield, E. C. 1
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Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£108,171,956
Associated Banks:
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Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
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Reserve Liability of Prop. 8,780,000
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Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
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The Bank conducts every description of banking and exchange business
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to our industrial capacity. Yet the major contribution of Government to our present national income—in the form of war contracts—will largely cease.

These are some of the dimensions of the problem. This is the challenge with which they confront us: Can we fully convert our capacity for the manufacture of instruments of war to the satisfaction of the needs of a world at peace? The needs are real and pressing. In America we possess the highest living standard on earth. Yet, a national income of $140,000,000,000 — the highest in history—falls far short of providing our people with purchasing power sufficient to satisfy their demand for goods and services. Moreover, the living standard of too many millions still hovers at the subsistence level. Further, the job of helping to restore the devastated and war-torn lands can provide our industry with work. And a secure and ordered world, based upon peaceful cooperation among nations, will open up vast new economic frontiers.

If we meet this challenge, we will move forward to an economy of abundance, yielding a more secure and happy life for our people. If we fail, we will be thrown back into misery, desperation and chaos. There can be no middle ground.

Recently the National Association of Manufacturers met and offered us its best thinking on this subject. It offers us a slogan: "Free Enterprise." Now, "Free Enterprise" is a fine slogan. Everybody is for it. Nobody is against it. Free enterprise is simply not an issue in America. But the program that lurks behind the NAM's fine slogan most decidedly is an issue. Under the guise of free enterprise, the NAM proposes that the American Government surrender all responsibility for the functioning of our economy. In effect, it demands a return to the kind of national government we had in the twenties. Under that philosophy of government, free enterprise meant freedom for monopoly capital to restrict production, peg prices, cut wages and stagnate our economy at the expense of workers, farmers and small businessmen—and finally at the expense of big business itself. When tried after the last war, that philosophy of government brought us to the verge of national bankruptcy. It would surely lead us into bankruptcy were we to look to it for a solution of the far more difficult problems that will confront us after this war.

Alfred P. Sloan, Jr., speaking at the same conference, has revealed more details of the NAM's design for living in post-war America. Mr. Sloan looks forward to a peace-time income of $100,000,000,000—although he does not tell us on what basis he arrives at that figure. At that level, he thinks that the General Motors Corp. can make a tidy profit. Accordingly, he is prepared to invest $500,000,000 in new plant and equipment. Now Mr. Sloan is a very astute businessman and if he is prepared to risk this additional investment, his company may show a profit under a national income of $100,000,000,000.

But what of the millions of American men and women whose security and well-being does not depend on the profits of General Motors? Mr. Sloan has obviously not planned for them. For victory will find us with a national income of at least $150,000,000,000, with 10,000,000 servicemen who must be given jobs in private industry. Under his estimate, our economy would operate at two-thirds of capacity or less. A drop in national income to $100,000,000,000 would add up to unemployment for 10,000,000 to 15,000,000 American workers. It would ruin our farmers, throw thousands of business men to the wall and catapult us down a spiral of deflation that would make the crash of 1929 feel soft as a featherbed.

Fortunately, not all American industrialists share the philosophy of the NAM and Mr. Sloan. Many of them believe with us that post-war plans must be predicated on the full utilization of our men, our machines and our soil—not on an economy of scarcity. We invite them to join with us in developing a program to make "free enterprise" work and to yield real freedom and security for all Americans.

I am confident that we in America possess the resources, the energy, the initiative and the creative imagination to solve the problem of full production for peace just as we proved ourselves capable of the miracle which we have wrought in production for war. Our amazing record of war production was the result of the combined effort of all groups—workers, farmers and businessmen—mobilized and united by the crisis which faced our nation. By common consent, it was Government — our Government — which took the initiative in organizing and coordinating our common effort.

Our goal of full employment in peace-time with a secure and abundant life for all is no less challenging and no less difficult than that of arming our nation for victory over Hitler and Tojo. We cannot hope to succeed unless the measure of national unity which we have achieved in war-time is maintained and extended after victory. We cannot succeed unless the Government which represents us all assumes the obligations which it bears to us all.

We of the CIO Political Action Committee do not come to this conference with any ready-made solutions. We come to solicit your views, obtain your advice and secure your participation in planning the measures required of Government, industry, agriculture and labor to assure the full use of all our productive facilities in peace as well as in war.

It is our hope that a full and frank exchange of ideas today and tomorrow will lay the basis for a program which can win the acceptance of the majority of the American people and which will help our nation chart its course in the critical years that lie ahead.

How would you come out . . .

if a stockholder died?

A CORPORATION STOCK
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financed by life insurance will assure the smooth passage of your business through the emergency resulting from the death of a stockholder.

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Thus the heirs of the deceased stockholder are fairly compensated. The survivors, whose interests in the business are increased in proportion to their present holdings, can continue without embarrassment.

A simple arrangement, isn't it? Yet what misfortunes have come from its neglect.

We suggest that you, as a stockholder, give serious thought to a Stock Retirement Plan for your own business enterprise. It goes hand in hand with efficient management.

A Massachusetts Mutual representative will be glad to give you full information.

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Springfield, Massachusetts
Bertrand J. Perry, ***President***

Investment Trusts

Growth of Mutual Funds in 1943

Last year mutual funds showed a net increase in asset value of about $168,000,000, according to reports by 59 managements to the National Association of Investment Companies. These reports cover substantially all of the assets represented by mutual funds and show the aggregate net increase in assets to about $644,000,000 as of the 1943 year-end, compared with $476,000,000 at the end of 1942.

This growth, representing a 35% gain in total net assets for the year, was achieved as follows: Gross sales of $116,000,000, plus market appreciation of $101,000,000, less $49,000,000 of repurchases for a net increase of approximately $168,000,000.

* * *

Despite all the hazards involved in making forecasts these days, the writer of this column is confident that 1944 will witness an even greater increase in the assets of mutual funds.

* * *

"An increasing number of men and women are becoming aware of two things insofar as their financial affairs are concerned:

"First—that they must do more individual financial planning;

"Second—that they need outside help with their investment problem.

"The investment of money has become increasingly complicated in recent years. Change has been rapid and new political, economic and social forces of tremendous investment importance have appeared. The times call for the specialized and continuing management of invested money. The old 'hit or miss' methods are too uncertain and savings are too important and too hard to accumulate to be treated lightly."—From the January Portfolio Review of **The George Putnam Fund.**

The above quotation is characteristic of the down-to-earth presentation which Putnam Fund Distributors, Inc. has consistently made of The George Putnam Fund. There is nothing spectacular about this fund, either in its growth record or in its performance. It was not conceived as a "spectacular" vehicle but as a **balanced** fund and is presented as "of interest only to individuals and institutions seeking a 'prudent investment.'" By that standard, its record will undoubtedly be considered eminently satisfactory by any fair judge.

Growth of The George Putnam Fund

	Total Net Resources
End of 1938------	$1,503,000
End of 1939------	2,430,000
End of 1940------	3,621,000
End of 1941------	4,807,000
End of 1942------	5,875,000
End of 1943------	7,970,000

* * *

In a letter to dealers under date of Jan. 18, **Lord, Abbett** discusses the work of the Committee for Economic Development on post-war planning. The letter contains a good plug for the Committee and should be constructive in stimulating thought on this vital problem among investment dealers throughout the country.

Low Priced Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED
63 WALL STREET—NEW YORK

Calvin Bullock's mid-January issue of **Perspective** contains a scholarly review of the year 1943. From the conclusion we quote the following: " . . . we believe that common stocks may be held at current prices in the confident expectation of satisfactory longer term investment experience."

* * *

In the current issue of **Railroad News, Distributors Group** quotes excerpts from an article by Gen. Leonard P. Ayres on the "Postwar Outlook for the Railroads," which appeared in the January issue of "Tracks," a monthly publication of the Chesapeake & Ohio Lines.

General Ayres is decidedly optimistic on the railroads. He puts it rather bluntly—"Postwar prospects for the railroads are bright." Reprints of his complete article have been prepared by Distributors Group, Inc. (63 Wall Street) and are available on request.

* * *

National Securities & Research Corp. in its latest issue of **National Notes** gives the income record of the various National Securities Series from 1941 to date. The return last year on the 1943 average price was as follows; National Bond Series, 6.1%; National Low-Priced Bond Series, 7.2%; National Preferred Stock Series, 7.7%; National Income Series, 7.5%.

Current Literature

The Broad Street Letter of Jan. 15—discussing "Inventories and the Post-War Outlook."

Distributors Group—A revised folder on **Low Priced Shares.**

Keystone Corporation—A booklet showing primary lists on the 10 Keystone Funds as of Jan. 1, 1944.

Hare's Ltd.—A folder entitled "Should I Buy Stocks Now or Wait?" and a leaflet on **Aviation Group Shares,** "Aviation and Tomorrow."

Dividends

Boston Fund—A quarterly dividend of 16 cents a share payable Feb. 19 to stockholders of record Jan. 1, 1944.

Keystone
Custodian Funds

Certificates of Participation in Trust Funds
investing their capital as follows:

SERIES
B-1, 2, 3 and 4 IN BONDS

SERIES
K-1, 2 IN PREFERRED STOCKS

SERIES
S-1, 2, 3, 4 IN COMMON STOCKS

Prospectus may be obtained from your local investment dealer or

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50 CONGRESS STREET, BOSTON, MASS.

NATIONAL
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Prospectuses upon request

National Securities &
Research Corporation
120 BROADWAY, NEW YORK, (5)
LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

Business And Withholding Taxes

(Continued from page 395)

problems in regard to interpretation of law and record-keeping.

Withholdings From Wages Idea Born in Social Security Legislation of 1935

In 1935 the United States Government entrusted to employers of one or more individuals the task of collecting funds to provide aid for the aged and assistance for widows and children and parents of individuals insured under Title II of the Social Security Act. Almost concomitantly, the various States passed unemployment compensation laws, some providing for the collection by employers of an income tax on wages earned by employees.

This social security legislation imposed new and difficult problems upon payroll and accounting departments the nation over, the physical collection of taxes levied soon becoming of relatively minor importance in comparison with complications arising in the interpretation of law and the necessity of keeping adequate records to comply with the law.

The interpretation of terms, such as "wages," "employment," "employee," and "employer," gave rise to a host of headaches in many a business concern. The term "wages," for example included the cash value of all remuneration paid in any medium other than cash. Luncheons provided the worker for his sole benefit were considered earnings under the definition of the term wages. However, where meals were furnished the employee for the exclusive benefit of the employer, they were not to be considered wages. This is an illustration of but one of the legal technicalities encountered in the application of the law.

Record-keeping detail expanded with the advent of the Social Security Act. Wages exempted from the Act were to be recorded separately from those covered by the Act. Totals of taxable wages and totals of taxes withheld from wages were to be accumulated by individuals and for the firm as a unit. Receipts were to be furnished employees periodically and reports made to the Government quarterly, annually, and at separation dates. State unemployment tax laws required reporting of specified data at frequent intervals added to the record-keeping burden.

Thus arose the universal need for more complicated and detailed payroll records and equipment. Columns for tax-exempt wages, taxable wages, and deductions for old age benefits and State unemployment compensation became imperative on the payroll record. Similar information was required for each employee as an individual, giving rise to the need for an individual earnings or compensation record. New accounts became necessary in firm ledgers for withholdings due the National Government and the individual States.

Payroll Departments Utilized in the Sale of War Bonds

In 1941 pressure for the sale of defense bonds prompted the inauguration of payroll deduction plans. Employees pledged fixed amounts or amounts varying with the total pay check. In the larger concern, it became necessary to have one or more individuals take charge of records consisting of a war bond ledger, containing an account with each individual purchasing bonds, and numerous forms used in connection with the withholding of funds to buy bonds. One or more accounts were added in the general ledger to record this new activity of the business.

The Victory Tax Carries on the Withholding Idea

Under the Victory Tax portion of the Revenue Act of 1942, employers were asked to calculate a 5% Victory tax on wages paid minus a fixed allowable exemption. Some 43,000,000 employees came under the law. Tax calculations were so extensive that some relief was provided by permitting the use of bracketed tables which indicated tax deductions for wages falling between stated even amounts. An additional column was added to the payroll record and the earnings record to record Victory tax deductions. Additional reports to the Government became necessary, and new accounts were added to the accounting ledger. Legal technicalities similar to those encountered under Social Security legislation were raised.

Business Assumes Major Burden of Income Tax Collection

With the passage of the Current Tax Payments Act of 1943, business undertook the chore of collecting taxes on income earned through wages. In urgent need of funds to carry on its war efforts, Government called upon business to accomplish "painless" income tax collection. Sums to be collected from employees would vary now not only as to a percentage of wages earned, but also as to the classification of the wage earner in some ten or more groups, such as "single person," "married person," "head of the family"' and others. The employer was required to determine the status of each individual in his employ as to his withholding classification and then to choose between a "20 or 3%" formula or tables in making deductions from wages. Both formulas became complicated to apply in the case of employees earning prizes and bonuses or working irregular pay periods.

Employers were able to use the Victory tax column for the new income tax both in the payroll record and the earnings record. New accounts recording the withholding and disposition of funds collected were necessitated in the general ledger. Receipts were to be furnished employees for withholding. New reporting forms W-1, 2, 3, and 4 came into being.

Summary Effects on Business

Thus business has taken an active role in the functioning of our Government. It has assumed gracefully in most quarters the problems created by the various tax laws mentioned in this article. Furthermore, it has borne the burden of increased costs of operation in maintaining a staff of individuals needed to record information required by the Government and to interpret governmental laws and regulations.

In the past business felt the influence of Government in the form of heavy taxation and endless report-making imposed upon corporations and in the effects of commodity taxes in the sale of products. Today, regardless as to its organization or as to products sold, business throughout the nation is bearing the problems and expense of a legitimate governmental function. The efforts entailed in carrying on this function detract from the want-satisfying, profit-making activities of business. A good deal of the creative activity of the business unit becomes involved in the untangling of bureaucratic red tape and the accomplishment of routine, detailed report-making. Depending upon the elasticity of demand for the particular product concerned, expenses incurred in connection with withholding tend (1) to decrease the net profit of business through increased costs of operation; or (2) to increase prices to the ultimate consumer; or (3) to accomplish both (1) and (2) at the same time. Thus the consumer as well as business shares the administrative expense of an income tax withholding plan.

Recommendations to Ease the Burden Placed on Business

To offset these added responsibilities and expenses, business must seek to devise ways and means of keeping costs and governmental reporting to a minimum. Members of payroll departments must be trained to take full advantage of latest developments in payroll records, equipment, and cost-reducing information. On the other hand, it is imperative that the Government simplify and stabilize as much as possible procedures and reports required in collecting taxes at the source. Much of the difficulty in reporting to the Government lies in the absence of clear-cut and authoritative interpretations and regulations from the administrating governmental bureau in charge. As a final recommendation, Government should attempt to reimburse business, in part, for expenses incurred, say through allowable income tax deductions based on the number of employees on the payroll. Such a plan, though not entirely equitable in all respects, would have as its chief advantage simplicity of application.

Need for Income Tax Withholding Legislation

Despite the foregoing objections to the collection of income taxes at the source, there are many valid arguments in favor of such a program. In the past, when but a relatively few individuals were affected by income tax legislation, the assumption was that such individuals had sufficient income and were of sufficient competence to pay taxes levied either quarterly or annually. But as the tax base broadened, particularly in the case of Social Security legislation and war income tax legislation, bringing more individuals under income tax laws; and as normal and surtax rates increased, falling with increasing severity on individuals with relatively small incomes, it was recognized that compulsory withholding was needed to spread and budget the annual income tax for individuals who might default through inability to save and budget on their own responsibility.

The Government spending monthly in terms of billions of dollars required funds currently to carry on its war effort. This could be accomplished by demanding that all individuals make payments as wages were earned direct to the Bureau of Internal Revenue. This course obviously had several outstanding disadvantages: (1) The burden of making frequent tax reports by millions of individuals hitherto unaccustomed to income tax filing procedure would make for error and confusion; (2) It would give rise to public irritation and resentment, firstly in the physical preparation of the income tax form that would be required and secondly, from the psychological point of view in parting with income at frequent intervals after the income had been received as a gross amount. The present plan takes some of the sting away in that the individual receives his pay check with the tax already deducted. (3) The work of the

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Treasury Department would increase ten-fold in handling returns from some 43,000,000 individuals weekly, semi-monthly, etc., over the process of receiving quarterly summaries of amounts deposited in banks for the credit of the Treasury by a comparatively smaller number of employers.

Finally, withholding income taxes at the source has assisted the present administration in its anti-inflationary efforts. Increased income going to millions of war workers is channelled out, in part, as the income is earned, lessening the chance of the individual to spend beyond his means and forcing him to meet his tax obligations currently.

It can hardly be denied that current withholding laws, Social Security, Victory Tax, and Current Tax Payments Act, have and are accomplishing to a marked degree the objectives mentioned above. In assisting millions of taxpayers to spread their tax sacrifice and in meeting part of the revenue requirements of the Government currently, social and fiscal aims are achieved that more than balance any injury done to the business community.

Recommendations to Extend Withholding Legislation

Probably rather than to have the Government retrogress from its present method of collecting taxes based on wages, it would be of benefit to all concerned to have the Government continue in its policy, working for the simplification of forms for employers and reducing to minimum essentials income tax reporting by the great mass of individuals earning a comparatively small portion of their total income from sources other than wages.

Individuals earning less than certain stated amounts from sources other than wages should be exempted entirely from income tax reporting. The Government would incur no significant loss in such a procedure, and the great mass of individuals would then be placed on a fully "pay as you go" basis. Tax deductions for donations to charity, business expenses, Federal and State taxes paid, etc., would no longer be granted. An exception to the rule of allowing no deduction other than family might be to allow the taxpayer to receive tax deductions through reimbursement from the Government because of extraordinary medical and dental expenses. Our whole system of granting deductions has resulted in a maze of law, regulation, and interpretation which has put a premium on the skill of those whose training has equipped them to make use of every loophole provided by law to the detriment of those unversed in legal and financial technicalities. Adjustments because of deficient or excess withholdings made during the year by the employer for purposes of expediency could be adjusted directly by the employer through relatively simple calculations.

As a final recommendation to extend the scope of withholding legislation and place all income on a "pay as you go" basis, taxes on income other than wages could be withheld at the source as a direct percentage on income earned. Then to adjust this tax in accordance to the ability to pay principle, adjustments could be made quarterly for, say, those individuals whose income from other sources exceeded a certain amount; annually for others.

Summary

The United States Government through the passage of the Social Security law, the Victory Tax, and the Current Tax Payments Act of 1943 has embraced the principle of withholding income taxes at the source. Although this method of tax collection has had some deleterious effects on the business community, advantages have outweighed disadvantages, particularly in assisting individuals to meet their tax obligations currently and giving the Government revenue to meet expenses as incurred. It appears feasible for the Government to extend the application of the withholding principle on income earned by individuals from sources other than wages, thus bringing all income earned by individuals on a "pay as you go" tax basis. Finally, form-filling for the withholding agent, business, and for the taxpayer, should be simplified through the elimination of many of the legal technicalities inscribed in the income tax law and regulations and interpretations of the Department of Internal Revenue.

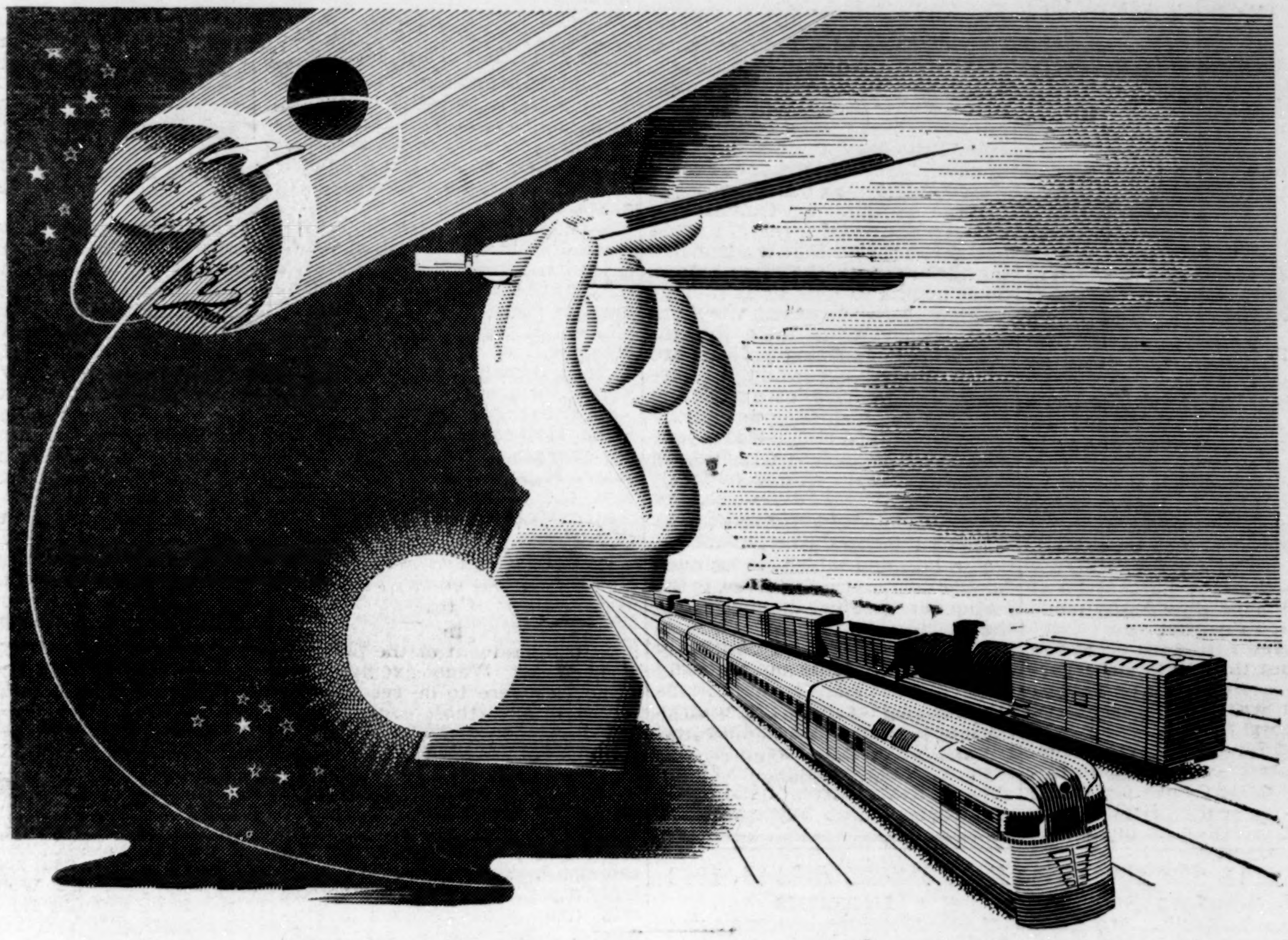
The Future Of The Steel Industry

More critical appraisals of future demand for steel, based on probable scale of activity in the principal steel consuming industries, indicate variable prospects. Some of those consuming industries give promise of rising to new high levels of output, and therefore in use of steel products. Others of them, as a result of carry-over effects of war influences, are not likely to show early return even to the top tonnages of pre-war years. From that angle of approach, such appraisals show that reasonable estimates of needs for steel, when war demand gives way to peacetime activity, are not likely to go beyond the range of 45 to 50 million tons of finished products.

To yield such a volume of finished products would take about 65 to 70 million tons of ingots, out of facilities probably capable of producing close to 90 millions. An average operating rate of 70 to 80% of rated capacity, which those figures suggest, has in the past not been wholly unsatisfactory for the industry, provided costs were in reasonable relations to market prices. Current comments indicate that such is not now the case, at least in respect to standard classes of steel products, like rails, bars, structural shapes, plates, sheets and so on. What the relations will be when wartime controls and influences are removed is an open question, but it seems obvious that there must then be the closest possible scrutiny of all cost factors.—Walter S. Tower, President, American Iron and Steel Institute, before the annual convention of the Institute of Srap Iron and Steel at Cleveland, Ohio, earlier this month.

Herber Assistant Cashier

At the regular meeting of the board of directors of The National City Bank of New York, on Jan. 18, John A. Herber was appointed an Assistant Cashier.



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IN MANY OTHER PHASES of car building, a.c.f. has pioneered with equally gratifying results. For instance, in the fusion welding of car frames, and also in the construction of tanks for tank cars—of which a.c.f. has long been a leading builder — a.c.f. has developed special welding methods and techniques for alloy steels, aluminum, nickel, clad-metals, etc. And again for welding the shells of freight and passenger cars, a.c.f. has developed a gigantic semi-automatic spot welding machine capable of welding the entire side, or roof, of a car in a single operation!

THROUGH 97 YEARS a.c.f. and its constituent companies has been an active partner in the development of the railroads. With the likelihood of great advances impending in the design of post-war rolling stock of every kind, the roads desiring to keep abreast of the improvements certain to be made in equipment building, may well turn with implicit confidence to a.c.f.'s long proven record of sound progress.

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Demand For Mortgage Loans On Increase

By HENRY P. IRR, Baltimore, Md.
Second Vice-President, United States Savings and Loan League

Official Of Savings & Loan League Says That For The First Time Since The 1930's There Is Evidence Of A Large Wave Of Questionable Demand For Loans

The most conspicuous feature of 1943 business operations in the savings and loan field was the unexpected sound demand for home purchase loans which developed, especially in the last half of the year. With our eyes on the war horizons and on WPB restrictions on wartime home building, we in this business felt at the beginning of last year that the highest expectations we could justify would be to make as large a volume of new loans as we had made in 1942. Many managers doubted that this would be possible, in view of the contracting demand for mortgage loans because so few residential properties were being added to the overall supply on which a mortgage could be made.

Henry P. Irr

Two things happened. The home purchase loan demand, fed by growing housing shortages due to curtailment of new building, rose to new heights which none of us in the business had seen since the 1920's. Along with it came an increasing reliance on savings and loan institutions for mortgage money, so that our percentage of the overall mortgage loans made went up significantly.

Most recent estimates place the volume of our 1943 home mortgage loans made at around $1,200,000,000, and our percentage of the total lending done was easily a full one-third. Our average loan was around $2,965 in October, the latest month for which exact figures are available.

The planning of savings and loan management is presently undergoing some important changes as a result of this unexpected continuance of relatively large home loan demand of a type which is sound by every test of experienced appraising technique. The basic fact we now face is that our margin of surplus receipts over available customary outlets is dwindling and last September our loans were greater than our net receipts for the month. In October we had something of a margin again but nothing like that we had had the same month the year before. So it begins to look as if savings and loan institutions can use more new money than they thought and their advertising policies are being shaped accordingly. Furthermore, policies of restricting the amounts of money acceptable from the public, adopted last year by some associations which were "swamped" with inflow of funds for which they had no use, are being thoroughly reviewed in the light of present developments.

The question which comes even further to the fore, however, is the matter of separating the sheep from the goats in the present loan market. We face most realistically the fact that there is an increasing crop of questionable applications for mortgage credit these days. Such applications are neither new nor deceptive to the average savings and loan manager or to the appraisal committee of his board of directors. The buyer wants a property for speculative purposes and he is willing to pay more for it than we think it is worth if we will lend him a large percentage of the money. I know of no savings and loan institution which wants that kind of a borrower on its books and the fact that we have been able to keep up an unexpected loan volume this past year without letting down the bars to such borrowers is a matter of justifiable satisfaction to this business as a whole. We also know that all of the problems in estimating the risk of a loan are not so easy as the case I have just mentioned. It is significant, in view of this fact, that the savings and loan institutions have the most adequate appraising standards and procedures at this juncture than they have ever had. Probably more attention has been given in the past decade to safeguarding and improving the appraising methods than to any other one detail of the business.

Nine years ago the United States Savings and Loan League launched its Society of Residential Appraisers, an outgrowth of an Appraising Division which the organization had had for the previous five years, and a development which was patterned after the Surveyors' Institution in Great Britain which dates back to 1868. The Society's efforts are devoted to the development of facts about the values of residential property, and the development of appraisers to base their judgments on those facts. The influence of the Society of Residential Appraisers has gone much farther than the ranks of our own savings and loan business where it penetrated most deeply. And the present time, which is the first period since the depression of the 1930's, that there has been any large wave of questionable demand for loans, is the sort of emergency for which this society was formed. Fortunately, it has had nine years of development to prepare for it.

Savings and loan dividends are at a new low in the 112-year history of these institutions. I mention that fact because it means that there is no particular urge within the associations nowadays to stretch the point and make a loan which promises a higher rate of return than sound loans can command. The public has willingly accepted the lower dividend rate among associations everywhere. Meanwhile association managers have rapidly acquired the point of view that the purchase of Government bonds is a splendid outlet for the funds which the legitimate home loan demand doesn't use. We have a quota of $400,000,000 of Government bond purchases for our institutions to meet in 1944.

But as I pointed out at the beginning, there just isn't so much surplus money, over and above the good loan outlets, as it seemed this time last year we would have. If we have enough new savings and investments and repayments on our existing loans to make all the good loans which come our way in 1944, and at the same time buy a peak volume of Government offerings, we will be doing well. There just won't be idle money in our institutions this year, for which the devil of unsound lending could find any work.

Assets Of Insured Savings And Loan Units Pass $4 Billion Mark

During the past 12 months, combined assets of savings and loan associations that are protected by insurance of their investors' accounts passed the $4,000,000,000 mark, Oscar R. Kreutz, General Manager of the Federal Savings and Loan Insurance Corporation, announced on Dec. 31.

Resources of insured associations now total approximately $4,082,000,000, as compared with $3,548,692,000 a year ago, he said.

Oscar R. Kreutz

"This growth is partly accounted for by a rise of 49 in the number of insured associations over the year," said Mr. Kreutz. "But the larger share is due to the accelerated wartime flow of savings of the public into these institutions."

The Corporation now protects about 3,600,000 individual savers and small investors, whose funds are in the custody of the 2,439 insured savings and loan associations—including 1,468 Federally-chartered institutions for whom insurance is mandatory and 971 State-chartered associations, for whom this safeguard is optional.

"The principle of insurance as applied by an instrumentality of the Government to savings invested in home-financing institutions has proved its usefulness since the Federal Savings and Loan Insurance Corporation was created in 1934," said Mr. Kreutz. "With the additional protection of insurance up to $5,000 per investor, these thrift institutions have established widespread public confidence in their operations. It is sufficient to point out that since the dates on which these institutions became insured over the past nine years, their assets on the average have more than doubled.

"The 2,439 insured savings and loan associations of the country are today in the best condition of any similar size group of associations in the entire history of savings and loan institutions," Mr. Kreutz declared.

"No association was placed in liquidation in 1943. Over the year, only one institution was certified to the Insurance Corporation as requiring assistance. This case is pending. Total losses realized by the Corporation during 1943, on cases pending at the beginning of the year, aggregated $224,000, which amounts to less than 2.4% of the Corporation's total income for the year. Administrative expenses of the Insurance Corporation over the year, amounting to $370,391, were equivalent to about 3.9% of its total income."

The Federal Savings and Loan Insurance Corporation itself increased its assets from $136,797,000 to $145,619,000 during the last 12 months. Reserves and unallocated income rose from $35,025,000 to $43,350,000.

The Insurance Corporation is supervised by the Federal Home Loan Bank Administration, a unit of the National Housing Agency.

Hennepin Federal Elects 1944 Officers

MINNEAPOLIS, MINN.—The Hennepin Federal Savings and Loan Association of Minneapolis at its annual meeting on Jan. 19 elected the following officers and directors for the year:

President—E. J. Loring.

First Vice-President—John Fogerty.

Second Vice-President—M. Schumacher.

Treasurer—O. J. Hanson

Secretary—Oliver W. Anderson.

Directors—E. J. Loring, John Fogerty, O. J. Hanson, C. A. Oltman, Henry A. Johnson, James E. O'Donnell, John T. O'Connell and Maurice Schumacher.

FINANCIAL STATEMENT AS OF DECEMBER 31, 1943

ASSETS		
First Mortgage Loans		$1,610,132.19
Loans on Passbooks and Certificates		7,068.34
Properties Sold on Contracts		113,720.23
Real Estate Owned and in Judgment		7,219.85
Investments and Securities		689,551.08
Stock in Federal Home Loan Bank	$ 60,700.00	
U. S. Goverment Obligations	625,193.40	
Accrued Interest on Investments	3,657.68	
Cash on Hand and in Banks		103,736.20
Furniture, Fixtures and Equipment, Less Depreciation		2,782.18
Deferred Charges and Other Assets		1,652.83
Total		$2,535,862.90

LIABILITIES		
Members' Share Accounts		$2,278,750.38
Borrowed Money		150,000.00
Loans in Process		15,964.80
Other Liabilities		4,217.69
Specific Reserves	$ 867.83	
General Reserves	66,749.04	
Undivided Profits	19,313.16	
		86,930.03
Total		$2,535,862.90

Insured Investments

St. Paul Federal Savings and Loan Association
Fourth at Wabasha Street, St. Paul, Minn.
Axel A. Olson, Executive Secretary

Twin City Federal Savings and Loan Association
Minneapolis
St. Paul

Statement of Condition
December 31, 1943

ASSETS	
First Mortgage Loans and Contracts	$18,638,652.64
Money loaned to build, remodel or buy homes.	
Loans Secured By Pledge of Accounts	11,557.31
Temporary loans to members on security of their savings accounts.	
Federal Home Loan Bank Stock	160,800.00
Amount of our investment in this bank.	
Bonds	6,099,893.94
U. S. Government bonds.	
Furniture and Fixtures	34,000.00
Real Estate Owned	12,740.12
Homes owned and producing income.	
Cash on Hand and in Banks	587,941.01
Total	$25,545,585.02

LIABILITIES		
Savings Share Accounts		$22,250,497.92
Accounts to which dividends are credited each six months.		
Investment Share Accounts		1,792,500.00
Lump sum investments on which dividends are paid in cash each six months.		
Borrowed Money		500,000.00
Reserves		826,743.41
Contingent reserve	$300,000.00	
Reserve for Federal Insurance	188,675.46	
Other Reserves	2,581.93	
Undivided Profits	335,486.02	
Mortgage Loans in Process		167,585.73
Loans on which commitments have been made but not yet disbursed.		
Other Liabilities		8,257.96
Total		$25,545,585.02

Increase in Assets $6,750,000 over corresponding period in 1942

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Statement of Condition as of Dec. 31, 1943

ASSETS	
First Mortgage Loans	$1,253,475.36
Properties Sold on Contract	460,027.78
Real Estate Owned	601.00
Investments and Securities	25,029.17
United States War Bonds	175,000.00
Cash on Hand and in Banks	141,865.39
Office Equipment, Less Depreciation	1,007.01
	$2,057,005.71

LIABILITIES	
Members' Share Accounts	$1,745,656.89
Advances from Federal Home Loan Bank	170,000.00
Loans in Process	7,130.41
Other Liabilities	14,261.30
Specific Reserves	23,785.53
General Reserves	48,606.00
Undivided Profits	47,565.58
	$2,057,005.71

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704 MARQUETTE MINNEAPOLIS

OLIVER W. ANDERSON
Executive Secretary

Dahlberg Sees U. S. Post-War Market For 15 To 20 Million Homes

Believes We Will Want To Do A Fair Share In Supplying Some Of Needed Materials And Manufactured Parts For 100 or 125 Million New Homes In Europe

The Celotex Corporation is preparing for the greatest building era in the world's history at the war's end, Bror Dahlberg, President, told stockholders at their annual meeting in Chicago earlier this month.

"We will not lose a step or a minute in meeting our part of the great demand for building materials that will follow the war," he said. "There will be a market for 15,000,000 to 20,000,000 housing units in the United States in the first ten post-war years," he added. "Estimates from England indicate that Europe will need 100,000,000 to 125,000,000 new homes. The United States will of course not build these, but undoubtedly we will want to do a fair share in supplying some of the needed materials and manufactured parts.

Bror Dahlberg

"The building business, however, will not be all beer and skittles. Competition will be terrific, but we will be ready to meet it. In 1943 our new products represented 53% of our total sales. These new products include our multiple-function materials particularly suited to new forms of construction which will be used increasingly after the war."

Dahlberg said the South Coast Corporation, Celotex sugar growing and manufacturing affiliate, is now harvesting by machines that do away entirely with old-fashioned hand operations for the first time. Harvesters were developed by the company. Each cuts an acre of cane per hour and replaces 40 to 60 hands. The South Coast Corporation is expected to make a substantial profit this year as a result of these and other improvements. South Coast is the pivotal source of supply for the Celotex Corporation's basic raw material, bagasse.

Officers Reelected By St. Paul Federal

ST. PAUL, MINN.—At the annual meeting of the Association on Jan. 19, all officers and directors of the St. Paul Federal Savings and Loan Association were reelected. Louis Peterson is President and Axel A. Olson Executive Secretary of the Association.

Assets as of December 31, 1943, stood at $2,535,862.90, a gain of $512,345.93 for the year. Repurchases were about normal, showing a net increase of $550,291.23.

Sproul Sees Need Of National Credit Policy; Discusses War Financing & Post-War Banking

Discussing in an address on Jan. 17, the question of a National credit policy, Allan Sproul, President of the Federal Reserve Bank of New York, indicated that he does not believe "that in order to have such a credit policy we must have one National banking system, but I do believe," he said, "that it is imperative that we have a national credit policy, and that the place for that policy to be formulated is in the central banking system of the country." "Increased membership in the Federal Reserve System," he added, "will contribute to making national credit policy effective. We have always embraced within the System a very large proportion of the bank deposits of the country, but the number of our members has not been so large as it should be. I view with satisfaction, therefore, the trend toward membership on the part of State chartered banks in this district."

In his address, delivered before the Annual Mid-Winter meeting in New York of the New York State Bankers' Association, Mr. Sproul remarked that "in the years ahead one of the great tasks of political and economic statesmanship will be to find a workable compromise between too much Governmental interference with private enterprise and too much abuse of the power which different groups may arrogate to themselves within a system of private enterprise."

He went on to say: "It seems to me that, in one phase of our affairs, the Federal Reserve System offers a peculiarly American solution of this problem. It is characterized by the bringing together of regional interests and regional administration into a national unity. It is an experiment in public and private cooperation in a sphere where the public interest must be dominant, but private enterprise may have a voice. It has developed and is developing out of actual experience. With forceful and progressive leadership, and your help, the Federal Reserve System can achieve the high public purposes which dictated its establishment, and which thus far have governed its operations.

"This may seem to be pretty tame stuff in a world at war, and a world which is full of post-war plans and planners. But you did not come here to listen to me talk about the war; and I am not one of those who believes that all post-war plans must involve the setting up of new and shiny institutions in order to be bold, or courageous, or, what is more important, successful. There is a place for innovations and for breaking new ground. Some of our problems will be outside of our previous experience and may require new conceptions and novel solutions. But there is also a job to be done in making some of our existing machinery work better than it has in the past. One such job is the improvement of the private banking system, and, with it, the Federal Reserve System. I hope that you as individuals, and through your associations, will apply yourselves to that task. Not narrowly, looking only to the protection of your own banks, but with vision, looking toward the development of your communities and toward an economy in which a continuing high level of production and employment may be more than a dream. It is a task in which we at this bank pledge our cooperation."

In referring to membership in the Federal Reserve System, Mr. Sproul said:

"During 1943, 17 State banks and trust companies in this district were admitted to membership. At the close of the year there were 241 member State banks and trust companies in the district, or 60% of the total number (402) of such banks. This compares with four years ago when we had only 172 State bank members, or 41% of the total. That change from nearly 10% less than a majority to 10% more than a majority suggests that it is no longer necessary to explain why you are a member of the Federal Reserve System, if it ever was."

Mr. Sproul also had something to say regarding the Treasury's financing program, which he said, "particularly concerns you as bankers and me as a central banker."

Continuing he stated: "It is common knowledge, I think, that partly as a natural accompaniment of the development of the drive method of financing, there has been a certain amount of froth in the subscription figures. Some subscriptions are entered not for investment purposes, but for speculative purposes, or to help meet a quota, or for some other reason which does not contemplate holding as well as buying government securities.

"The securities purchased by fair weather patriots seeking a speculative profit out of the government's wartime needs are often financed by bank loans and in most cases the securities end up in the banks. The practice thus runs directly counter to the earnest desire of the Treasury to do as much as possible of its financing outside of the banking system. The Secretary of the Treasury has sent a letter to the banks of the country asking them not to make loans to finance speculative purchases of government securities in connection with the Fourth War Loan Drive. I hope that all banks will heed that request and scrutinize carefully all applications for loans secured by Government securities during the drive. Speculative purchases of securities benefit neither the banks nor the Government.

"Nor does it help to attain the objective of financing war expenditures outside the banks, if, in order to meet a quota, or for some other reason, subscribers are pressed to buy securities they do not intend to hold. We not only have to make sales to non-bank investors; we have to make sales where the securities will stick for a while. The banks did a fine job in selling their customers and depositors, in each of the first three war loan drives; they are asked to do an even better job in the fourth."

Living Costs Up In 45 Industrial Cities

The cost of living for wage earners and lower-salaried clerical workers in December rose in 45 of 70 industrial cities surveyed by the National Industrial Conference Board. Living costs were lower in 16 of the cities, and remained unchanged in nine of them.

Under date of Jan. 21, the Board further reported:

"The largest increase, 1.2%, occurred in Chattanooga. There was an increase of 1.1% in Lynn. Nowhere else was the increase as great as 1.0%. The largest decline, 1.5%, occurred in Front Royal, Va. In 15 other cities, living costs declined less than 1.0%. For the United States as a whole, the cost of living rose 0.2%.

"Living costs were higher this December than in December, 1942, in all cities for which comparable figures are available. Newark recorded the largest increase during the 12-month period with an advance of 5.9%. The smallest was shown in Philadelphia and Portland, Ore., where it rose only 0.6%. The cost of living for the United States as a whole stands 2.8% higher than a year ago, and 20.8% above January, 1941."

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Canadian Securities

By BRUCE WILLIAMS

Despite the optimism emanating from Washington with reference to an early agreement on currency stabilization, reports from London indicate a contrary view. Practical observers, from the very outset, have believed that the Keynes and White plans are only trial balloons, and as such have met with little success.

On the other hand, the "key currency" approach to the solution of the world monetary problem, which was first advocated in this column, continues to attract increasing support. The plan along these lines, proposed by Mr. Leon Fraser, was welcomed immediately in financial and commercial quarters in this country and in Great Britain.

The Fraser plan, however, leaves unsolved as World Problem No. 1, the question of deciding the relative values of the Dollar and Sterling. As already mentioned, there is the following practical method whereby even this hardest of nuts can be expeditiously cracked.

The United States and Canadian Dollars and Sterling are the currencies of the leading international trading nations of the world, and their stabilization is a necessary preliminary to the fixing of the values of the other less important currencies. In the first place, the Canadian Dollar could be restored to parity with the U. S. Dollar, as the present foreign exchange position of the Dominion amply justifies this step.

Canada is reluctant to take this action as it would be detrimental to the retention of her British markets. However, if Sterling were also raised 10%, the relative exchange positions of Canada and Britain would be unchanged, and the value of the Pound in relation to the U. S. Dollar would be automatically arranged. As the British White Paper on Mutual Aid which appeared recently indicates, on a cost basis the true worth of Sterling is in the neighborhood of $3, it would seem that at a rate of $4.45 the Pound would not be overvalued.

In confirmation of the potential strength of the Canadian Dollar, we have only to read the trade figures of the past year. For 1943, the favorable balance of Canadian commodity trade is estimated by Dominion Trade Minister MacKinnon to be in excess of $1,350,000,000. This enormous figure, which is exclusive of exports of newly mined gold, is more than 12 times the favorable balance recorded in 1940.

With regard to the market for the past week, although activity was not on a great scale, nevertheless the tone was definitely better. Direct Dominions improved and the Dominion guaranteed issues registered decided gains. Ontarios and Quebecs were again in demand but the supply was negligible. British Columbias were more active after the recent quiet spell, but prices were virtually unchanged.

There was steady trading in Nova Scotia and New Brunswick issues, and the yields on the longer term bonds remained at 3.35% and 3.75%, respectively. Saskatchewans were again slightly weaker with the 4½s of 1960 quoted at 86-87. On the other hand, Albertas were strong on further rumors of an impending settlement of the debt reorganization question. As frequently mentioned, both the Montreal and Alberta situations should be cleared up before we enter the post-war period. Canadian Pacifics were also in demand and the perpetual 4s were bid at 88.

There was a resumption of buying in the internal issues, but the Canadian Dollar in the "free" market remained unchanged at 10½% discount.

The recent behavior of the market, in general, has already confirmed to some degree the more optimistic forecasts, and at the moment there is no reason to anticipate that this trend towards higher prices will change.

Lamborn & Co. Issue Annual Sugar Calendar

The twelfth annual edition of Lamborn's Sugar Calendar, containing statistical data and other vital information pertaining to the sugar industry of the United States and the world, is being distributed by Lamborn & Co., Inc. This unique calendar provides for each day of 1944 the prices for raw and refined sugar effective the same date in 1943, together with the monthly averages. It gives other useful and interesting material such as the harvesting periods of the sugar crops in the various countries of the world, and highlights of government regulations and controls during 1943.

TAYLOR, DEALE & COMPANY
64 WALL STREET, NEW YORK 5
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CANADIAN SECURITIES
Government · Provincial · Municipal · Corporate

C. I. O.'s Case

(Continued from page 401)

In the fulfillment of organized labor's obligation to its country, it has been our purpose to attain in war production a perfect record. In every instance where either the Army or the Navy has aspired to the attainment of production goals it has been labor's obligation to fulfill those requirements.

In furtherance of our unions' desires to acquire maximum production, the Congress of Industrial Organizations has not only attained the goal set for it by both the Army and Navy, but it has really exceeded the expectation of the leaders of our armed forces and the President of the United States in these endeavors. The all-over record of American labor made public repeatedly by responsible governmental agencies proves that American workers have attained a goal of 99.4% of perfection.

I should like to ask all of the citizens throughout the United States if in the performance of their every day functions and in their relationships with Government and each other, they have succeeded in establishing for themselves a record of performance even approximating the figure of 99.4% of actual perfection. Have the managers of industry, the leaders of Government, the Congress of the United States or any other group attained records akin to those made by American workers in war production?

Senator Truman, in the course of an address delivered before the National Retail Dry Goods Association on Jan. 12, 1943, had this to say:

"Without attempting to prophesy the time when the war will end, I can tell you that the production of war material in some items has been so great that about $6,000,000,000 of Army contracts and about $2,000,000,000 of Navy contracts have been cancelled.

"This is only the beginning of such cancellations. Almost daily the coming year you will see newspaper notices of contract cancellations, of plant shutdowns, of elimination of graveyard shifts, and of reduction in employees. Although the manpower problem will continue as a serious one for the nation as a whole, many communities will find that in their area they have a manpower surplus. In some communities there will even be a serious unemployment problem.

"This makes it very important that sound action be taken now to provide for increased production of civilian articles. The problems which will have to be met in reconverting industry are serious, because any change of such vast extent is serious. They are not insuperable."

On Jan. 3, 1944, in a telegram to Donald Nelson and General Marshall I called their attention to this fact that the steel industry was scheduled that week to operate below capacity, and I reminded them that we had achieved an all-time production record in 1943. I wrote:

"I am listing the most important of this idle capacity which were it put into production would give the nation an additional 12,500 tons of steel every 24 hours or approximately 87,000 tons a week. This is enough steel for 2,900 tanks, or seven 12,000-ton cruisers or 18 of the new Victory ships a week."

On Jan. 6, 1944, I received from General Brehon B. Somervell a letter replying to my telegram of January 3d to General Marshall. General Somervell wrote in part as follows:

"The Chief of Staff has asked me to reply to your telegram of Jan. 3, 1944, in which you point out the achievements of the steel industry and the efforts of labor which enabled this industry to break all records in 1943. The War Department is most grateful for the almost unbelievable production record attained in 1943 and recognizes this record to have been a major contribution to the success of the armed forces of the United Nations."

He also wrote:

"In your telegram, you also refer to the excess steel capacity which is now available and which you point out would suffice to permit the construction of many additional tanks, cruisers and Victory ships in 1944. The War Production Board confirms the availability of excess steel capacity. However, it advises me that this excess capacity is not in the form and shape which is now required to further expedite our war program and that ship construction which is most pressing is controlled at present by the availability of steel plates. Any diminishing of the supply of steel plates would have an immediate and serious effect on the production of items essential to planned operations."

I am glad to be able to report regarding the production of steel plates that in the month of November we produced 1,145,000 tons of plates. The biggest production of plates up to this time was in the month of March, 1943, when we produced 1,167,000 tons.

In the month of December, in spite of the Christmas holiday, an all-time high in production was attained. The production figures will show that in December we produced 1,175,000 tons of plates or 8,000 beyond the March, 1943 peak and 30,000 tons beyond the November record.

In the light of these well-established facts, is it wise for Government to pursue a policy which seeks the universal regimentation of all labor? Our voluntary system has achieved for America goals of production the equal of which has never been closely approached by any other country in the world's history. Then why this persecution of labor? Why this campaign of misrepresentation? Why this campaign of deceit?

Is it designed to destroy the confidence of the American public in the organized labor movement when the record which speaks for itself proves an almost perfect performance? Are certain interests in the United States hell-bent upon the establishment of a Fascist system of government in our country? If so, why do not they speak openly? Why resort to mischievous propaganda designed to undermine if not actually destroy the democratic labor movement of the United States? The experience of the German people and the peoples of all the occupied countries in Europe have proven that before Germany overran Europe, these same methods were adopted by the Nazi Party and their leaders. They show also that certain German business interests did cooperate with Hitler to destroy the democratic way of life throughout the world by first seeking the destruction of the trade union movement.

The leaders of labor organizations from such countries as France, Belgium, Poland, Czechoslovakia and the Balkan countries who are now living in exile frankly admit that the attempts which were made and eventually succeeded in destroying the trade union movement in those countries are now being followed in a more sinister way here in the United States. Business leaders in Germany and other countries throughout Europe who believed that the destruction of the trade union organizations would bring peace, comfort and many monetary benefits to them have since learned what the forces of Nazism have meant to business, labor and all other groups throughout the world.

To correct the drift toward totalitarianism in this country, the role of all those groups seeking to maintain full employment and democracy in industry and Government must be strengthened. The groups among big business who agree with us as to the need to resist this drift, so eloquently described by one of our leading industrialists and war administrators in his recent remarks to the National Association of Manufacturers, should welcome and promote the joint participation of all like-minded groups in the program for transformation of our economy from war to peace, and the maintenance of full employment in the transition period.

Labor, agriculture and small business intend to have greater representation in the councils where basic decisions are being made on the program for production and the planning of the demobilization of the American economy. We of organized labor demand similar representation for agriculture and small business, and for those larger businesses who believe in an economy of abundance. In short, representation for all groups in the community who have a direct stake in full employment.

Control over the war program, however, is today in the hands of those who are returning us to an economy of scarcity. The hundred largest war producers are today and have since the defense program began been consistently in control of over 70% by dollar volume of all war contracts. Their representatives, some on Government salary, and others at a dollar a year, sit on the boards which determine the allocation of critical materials, or administer the various industry divisions or, in uniform and out, distribute the war contracts. Through financial controls, interlocking directorates and other corporate devices, these firms which figure so prominently in war production also interpenetrate the firms which control distribution of civilian goods and services, and determine the effects of the national stabilization program.

They are the ones who have for months been engaged in wrecking the economic stabilization program. They have manipulated the supply of feed for beef cattle, poultry, milk cows. They have further centralized control of the distribution of meat.

They have manipulated the milk supply and increased the money share going to the middlemen. They have increased their grip on the production and distribution of household necessities in food and clothing. They have eliminated thousands of small distributors and paved the way towards preventing their re-establishment by withholding supplies of scarce goods.

They have undermined the stabilization program by making a farce of their own tax program offered in place of the Treasury's tax plans. They have rigged the tax program so that the largest part of the apparent excess profits taxes is returnable after the war, thus making a mockery of heavy war taxation. And they have thrown up a smokescreen to divert our attention by demands for heavy sales taxes on top of the withholding tax. Now they are out to finish the job by tieing wages to a misleading index of the cost of living. And all the while they are using tax-exempt advertising to sell the American people on the need for returning to an economy of scarcity.

They have prevented planning not only by abolishing the National Resources Planning Board, but more immediately by preventing the growth of any real planned production within the war production agencies. Monopolistic business, by entrenching its representatives in and out of uniform in these agencies has secured a virtual stranglehold on American business. For example, we need hundreds and thousands of items of essential civilian production to maintain our household economics during the war. But endless delays are placed in the way of getting such production today for fear the monopolists may lose control of the post-war markets. These facts are not unknown in Washington. In fact, they are the common-place talk among those frustrated officials of the war agencies who want to do an honest, patriotic job of all-out production.

Only action at the polls can bring home to Congress and the Administration in office that the average American knows what he wants, and means what he says. Only action at the polls can stop the drift to reaction which is being subsidized by those who want to convert this country into a happy hunting ground for monopoly. This election will see the most gigantic out-pouring of money by reactionaries in the history of our country, and it will be subsidized out of war profits. Already huge sums are being spent by these elements to mislead many people who are not prepared to understand the forces at work.

Large sums, for example, are behind the drive to place in your hands by direct mail, or in drug stores or department stores, false and misleading propaganda about the Wagner-Murray-Dingell Social Security Bill. Organized groups of all kinds are being unwittingly used to push this campaign for the drug trust and others interested in preventing a fair consideration of this legislation on its merits.

A similarly scandalous campaign of confusion is being conducted on the issue of votes for soldiers. Here the cloak of State's Rights is being used to prevent men and women in the armed forces from voting in a Federal election for Federal candidates on a Federally conducted ballot. The forces behind this deliberate creation of confusion are not active for the first time. They are the same ones who have consistently fought the right of labor to organize and bargain collectively and have only paid lip service to the labor laws of the land while employing highpriced legal and publicity talent to advise them as to how they can nullify the law, or erase it from the statute books.

The CIO proposes to work with Government and industry and all other groups in the community for the winning of the war. It never has and never can so interpret that pledge as to mean that it will not resist every effort to destroy our institutions from within while we are fighting to maintain or establsh democracy abroad.

Labor does not beleve that the world can exist half slave and half free, and there are certain things with which labor cannot compromise. Furthermore, we believe that so long as labor is strong such a stand will in no way interfere with the successful conduct of the war. It is labor, agriculture, small business, and progressive industry which knows it stands to gain by the defeat of Fascism. In many countries and on many occasions certain elements in monopoly business have shown that they thought they could live with it. But labor has no illusions about what Fascism means.

This is a crucial election. But it is not going to be won or lost on election day alone. The decisions about the election, like the decisions about full employment, are being arrived at daily. Workers who do not understand the connection between full employment and the election will have a hard time picking a candidate who can help them maintain our present wartime production levels. And workers who do understand the time required to register and vote, and, where necessary, the money needed to pay a poll tax, to be as important to their well-being as participation in the life of the union are true unionists.

Electons are not won or lost nationally. They are won locally, and the people can win this one by realizing that they control their own future. In every city, town, village or county—and even in the poll tax States—the people can win elections if they know what they want and vote accordingly. All the propaganda, all the misleading newspaper stories, all the whispering campaigns, cannot defeat the average man in our democracy if all of us stick together. But first, everybody must register, and we should begin a great registration drive immediately. Also we should see to it that all our boys and girls in the armed forces are enabled to vote. Then we are ready to carry on a campaign to get out the vote in the primaries and general election. Our people have always lost more elections for ourselves by not voting than by voting against our own best interests. So let's get started today getting out the voters to get out the vote.

SEC Issues Report On 1942 Registrants, Subsidiaries

The Securities and Exchange Commission made public on Jan. 19 another in the series of statistical reports of the 'Survey of American Listed Corporations." This survey of "Registrants and Subsidiaries" is based on data contained in registration statements and annual reports filed by registrants under the Securities Exchange Act of 1934 and data contained in reports filed annually under the Securities Act of 1933. The tabulation includes 2,025 corporations and their 11,748 named subsidiaries and/or affiliates as reported on Dec. 31, 1942, or in the last report made by registrants prior to that date.

From the Commission's announcement we also quote:

"The survey is primarily intended for the use of Federal departments or agencies interested in (a) the corporate relationships of various companies holding war contracts and (b) the names of domestic corporations and their foreign subsidiaries outside the Western Hemisphere.

"The tabulation as set up enables one quickly to visualize the entire organizational set-up of which any given subsidiary or registrant is a component part. Any company in which a registrant owns more than 50% of the voting stock is generally regarded as a subsidiary and invariably reported as such. Companies in which the registrant owns 50% or less of the voting stock are occasionally reported in the listing of a registrant's subsidiaries.

"The information as to the corporate relationships is shown as reported by registrants. The degree of remoteness between registrant and subsidiary is indicated by marginal indentation so that all subsidiaries equally remote from their respective registrants are equally indented, with each subsidiary placed directly under the company which immediately controls it. The percentage of control is shown as reported by registrants and is generally indicated by the registrant for its ordinary voting stocks. In some instances, this is qualified by a change in the status of these stocks because voting privileges have been added or denied due to dividend interruptions or other contingencies and whenever such changes have been reported by registrants they have been shown. Whenever a company is controlled by two or more corporations jointly such 'split ownership' has been indicated."

Government's Place In Post-War Labor-Management Relations

By ROBERT J. WATT

(Continued from first page)

tract and keeping it. This relationship is dependent upon a free forum and fair dealing unhampered by one-man czars, ananymous spokesmen and bureaucratic preachments.

Long ago the industrial employer hired a new worker by direct negotiation, each making such offers and conditions as he wanted, and then making counter proposals until they came to terms upon which each would agree. It was face to face trading.

Sometimes the need of the employer forced him to bid high. At other times the need of the worker forced him to offer his services at a low price. The bargain covered wages, hours and conditions. During the period of employment any grievances were aired and thrashed out face to face.

That process was not substantially different from other contracts, whether the buyer and seller were trading horses or hiring a piece of land. There was no need for the Government to interfere except when a dispute arose which the parties could not settle together.

The chief difficulty in labor-management relations arises from the fact that industry has become a mass production business. The principal usually can deal with employees only through agents. Conditions are usually subject to changing circumstances, and the contract involves the needs and emotions of human beings.

There is a public interest in the accomplishment of labor-management agreements. The community cannot afford to let the coal mines stay closed, or the transportation system become paralyzed, or any other essential services stay idle long enough to jeopardize the welfare of the community. The modern community is so closely knit and interdependent that paralysis in one arm jeopardizes the functioning of the rest of the body.

In peace-time the self-interest of the parties is usually sufficient to bring about an agreement before the argument need cause any public intervention. If a man and wife are quarrelling together, they usually can settle it without having the neighbors intervene—and the wise neighbor will choose to let them settle their argument.

If the man and wife really want to live together, they will usually settle through a mutually satisfactory compromise. But if a neighbor is butting in every time either one gets excited, the prospects for bigger and better fights increase very greatly and usually all three participate.

In labor-management relations, it is pretty much the same story. If the employer and his employee meet together to find out and settle any outstanding differences, they usually succeed. But if one slams the door in the other's face and forces him to take his complaints outside for a public airing, they are headed for trouble.

Unfortunately, in the not distant past, in too many instances the door was slammed and bolted and guards were hired. As a result the Government stepped in to help guard the privileges of property against trespass. The style was set for Government interference, but the tides refused to obey. Unions increased because the workers found they had to band together to meet their problems.

The unions gained strength and used the processes of democracy to make the Government change sides. The Norris-La Guardia Act and the National Labor Relations Act simply reversed the previous role of government and provided a mandate *for* instead of *against* collective bargaining. Today, nearly eight years after that law became effective, workers are sending about 30 cases a day to the National Labor Relations Board on bargaining rights.

The vast majority of American trade unionists are concerned because they want the system of free enterprise to continue. They want to be your partners, not your opponents. But if management wants the Government to be a party to every detail of personnel relationships, management need only continue to follow the course of resistance. The end result may be to dispossess management of the right to manage.

It is up to you and us to decide. Unions, and particularly the new unions, can look too often to Government agencies to be a wet nurse. You can play the role of resistance until the Government has been forced to take over, or we can join together and develop a program of democratic self-government for industry in which the politicians and the disjointed alphabetical agencies will be kept out.

I don't see how you can hesitate in choosing your sides in that sort of choice unless you think that there is a tide running which can be used to swamp unions out of existence. If any of you believe that, I would ask you to remember that free management and free labor are inevitable companions.

Free management cannot exist unless there is free labor. Industry cannot function unless there are people to build and run the machines and to buy their products. There must be as much purchasing power as there is production, and there must be goodwill and mutual respect.

In modern corporation management unions are needed by management as much as by workers. They are the mechanism for conducting the human relations within the plant. If the workers were not intelligent enough to organize themselves, intelligent management in a democracy would have to create the organization to represent the workers so that decent and harmonious relationships could be created and maintained.

I have often said that the program of the present Government to facilitate the democratic organization of employees for collective bargaining purposes was the best and wisest insurance against dictatorship in government. I only regret that the paternalistic instincts of the leaders seem to have in recent months led them into the mistake of letting the palace guards try to manipulate and restrain the full functioning of independent trade unions. Being a boss may give power and authority, but it does not necessarily impart wisdom.

Government has a legitimate function as an impartial agency to conduct elections among employees to determine their choice of bargaining unit and agency. Government has no right, however, to impose personal prejudices through the National Labor Relations Board or any other agency upon employees to cause skilled craftsmen to be submerged against their will in polyglot units in which they have no voice as to the conditions of employment.

Government has a right to say that in the public interest an employer must recognize and bargain in good faith with legitimate employee organizations. If management denies this right and refuses to bargain, management is simply inviting an attack by any one of a number of Government agencies, a painful and contagious ailment, I assure you.

Government has a right to say that in the public interest employer-employee agreements must not violate basic standards of health and welfare, and that, in the public interest, valid agreements must be fulfilled by both parties subject to remedies in court or by impartial arbitration. And that is just about as far as government should go in connection with collective bargaining.

Management—you and your associates—are the ones who will determine whether government goes any farther. If you accept collective bargaining in good faith and thereby help employee organizations to acquire stability, responsibility, and self-discipline, you will be helping to lay the foundation of industrial democracy.

That would be a good hard-headed, sensible procedure. But we don't seem to get started. If you doubt me, look at the record of labor-management production committees. Donald Nelson has nursed that program with zeal and enthusiasm, and yet after two years of pleading and exhortation, even after the super-duper salesmanship of a high-pressure advertising expert, we find only around 3,000 committees in existence with most of them confined to conducting pep talks and showing movies. I regret that so many managers are so reluctant to face the competition of ideas.

In the post-war world you will have to face, and need, the competition of ideas. You will need the help of labor-management committees to achieve competitive efficiency. You will need democratic grievance machinery to keep workers satisfied at their work. You will need collective agreements within your industry to protect price levels from cut-throat competition, and from the depressing effect of inadequate purchasing power. You can get these checks only through the existence of legitimate, alert and intelligent labor unions, which represent all those employed in your plants and industries, or you can get them through government directive and supervision.

If you do it through the government directive, there is grave danger in the inherent instability of the overloading of the superstructure of our political machinery. Inevitably, the tendency in such a structure is to seek to destroy the essentials of the democratic system by imposing the sanction of force, by trying to bolster its foundation by more directives to compel obedience. Unfortunately, the people are led to accept, step by step, such encroachment because of the fear of the chaos which might result if the top-heavy structure toppled over.

Concentration of power, which we have a lot of right now, tends to make the holder of the power more and more fearful of any evidence of weakness. By rushing a new and stronger panacea whenever ailments develop and by trying to compel people to swallow the mixture, the holders of the central power try to hide their own weakness. The inevitable consequence of such concentration of economic power in the hands of men elected for their political ability is dangerous. The end result may be called by a high-falutin, high-sounding name, but like the systems we fight against it will deny the sanction of law and the responsibility of the community.

I met Cy Ching the other day, and Cy expressed the opinion that the role of government in industrial relations is dependent upon the intelligence with which labor and management operate in their relationships together. If they play their part well, the Government will simply be an umpire called upon when the decision is too difficult for the players to agree upon.

I agree with Cy. Together, we have got to help decide whether government is an umpire or a boss. This is no idle theorizing. Even as we fight for the survival of our basic freedoms, we find that the democratic process in many ways is being hog-tied and rendered subordinate to the dictum of a one-man boss.

Under the present strange legal requirements a wage agreement agreed to by men and management, considered by a tripartite panel, passed upon and probably changed by the Regional or National War Labor Board, can be vetoed by a one-man boss, who makes the rules, changes them if he wishes, and then acts as both judge and jury on a case upon which he did not hear the facts.

I express my own opinion, but I sincerely believe that such autocratic disregard of the democratic process is a menace to the stability of our democracy. It makes the workers feel that force is the only way to win their objectives. They ask how can we expect to establish decent industrial relations after the war if the Government in one instance smashes the product of orderly collective bargaining conciliation and mediation and refuses modest adjustments, while in another instance striking workers get almost all they demanded?

Coming events cast their shadows before. The effort labor and management must make presents a challenge. Can we get together and agree upon the rules which will be needed if we are to keep our system of private property, competitive capitalism and political democracy?

I think we can. It simply means that we must agree upon self-rule to the maximum through the delegated representatives of labor and management. It means that we must build according to the requirements of each industry and each region rather than by the rigid dogma of statutory law.

Our joint objective should be to attain the maximum production and distribution at the greatest efficiency and economy to assure the greatest and widest use of goods and services by all potential customers and free and equitable employment of available labor and capital.

We should operate through agreement among men, meeting practical problems by realistic adaptation of practical policies rather than through the static blindness of rigid law and rather than through the directive of the dictator.

Together we could serve to adjust the fluctuations of supply and demand for goods and services and productive equipment so that surpluses would not destroy the values of any product or deprive potential customers of needed products or make idle any potential producers.

Such a system of economic democracy would provide stability by keeping the relative values in reasonable relationship. It would promote the cooperation upon which its day-to-day existence depends.

It would provide for government participation through public representatives as a partner rather than as a policeman. It would make the workers share the responsibility for the success of the enterprise in which they are employed instead of competing against management for power. It would make employers recognize in employees men whose interest in successful operations are parallel to their own.

It would conserve the values of property by sustaining the balance between the wages of labor and the prices of goods which will enable workers to consume the output of their efforts.

It would protect the integrity of political democracy by divorcing the machinery of civil government from economic management. It would help us avoid the twin extremes of the anarchy and dictatorship which are the only alternatives which we face if we continue our present fumbling.

The time for labor and management to start is *now*. The forces of our industrial system are tremendous. Today we see in the output for war a national productiveness which in peace can either glut an unbalanced distributive system into utter ruin or under sensible self-control bring a healthy and enduring vitality to every element in the community.

It can be done. It has been proved. The British built a working relationship between labor and capital out of the chaos of depression and dole, which in the thirties brought to Britain an economic democracy which reinforced their political democracy so that its fibres withstood the fury of the aggressor.

I am confident we can do better. We can pioneer in economics the civilization of the masses into a prosperity of full production and utilization. Labor and management can create the mechanism of an economic compact out of the anarchy of ruthless individualism. We can make the post-war world a place in which equity is the incentive for service.

I don't believe that selfishness is the sole instinct of man. Christian civilization has taught us that man is his brother's keeper, that charity is the greatest of virtues, that brotherly love is one of the two greatest of commandments.

As hardheaded common sense, we can make our economic and political institutions survive only if they are based on the doctrines of Christian civilization and not on the quackery that men are just jackals or monkeys.

We cannot go back to ruthless individualism after the war if we want our institutions to endure. We have to mobilize every bit of intelligence and effort we possess if we are going to cope with the problems of reconversion of industry, reemployment of service men and war workers, and utilization of economic resources for the well-being of the whole community.

I believe in private property, in individual freedom under law, in competition, in a system of wages and profits, in the capacity of man for self-government, in majority rule with respect for basic minority rights. I believe in democracy enough not only to *fight* for it but to *work* for it.

I believe you hold similar beliefs. If I am right, then let us grasp what may be our last chance to develop mutual respect, confidence and understanding. If we profit from the consequences of the failures of peoples of other nations, labor and management will strike together with all their skill and resources against our enemies either within or without.

Collective Bargaining Seen Determining Future Wage Control

The extent to which regulation of wages by the Government in post-war years will be demanded or made necessary will depend largely on the efficiency of collective bargaining, George W. Taylor, Vice-Chairman of the War Labor Board, said on Jan. 22, according to the Associated Press, appearing in the New York "Sun" from which we also quote:

"If collective bargaining is developed as the foundation of post-war relations, then governmental wage regulation will most likely follow the pattern of pre-war years, rather than that of the war years," Mr. Tayor said in an address prepared for delivery before the American Economic Association and the American Political Science Association in Washington.

DIVIDEND NOTICES

The American Tobacco Company
INCORPORATED
111 Fifth Avenue New York City

154TH COMMON DIVIDEND *and*
AN EXTRA DIVIDEND

A regular dividend of Seventy-five Cents (75¢) per share and an extra dividend of Twenty-five Cents (25¢) per share have been declared upon the Common Stock and Common Stock B of THE AMERICAN TOBACCO COMPANY, payable in cash on March 1, 1944, to stockholders of record at the close of business February 10, 1944. Checks will be mailed.

EDMUND A. HARVEY, *Treasurer*
January 26, 1944

At a meeting of the Directors held January 18, 1944 it was decided to recommend to stockholders at the annual meeting fixed to be held February 14, 1944 payment on March 31, 1944 of Final Dividend of Six Pence for each One Pound of Ordinary Stock free of British Income Tax upon the issued Ordinary Stock.

Net profits for the year after deducting all charges and expenses for management etc. and providing for taxation are £3,321,735 as against £3,065,348 for the previous year. After paying Final Dividend amounting to £593,944 and allocating the proposed transfer to Employees Benevolent Fund of £100,000 the carry forward will be £2,505,707.

Directors have decided to pay on March 31, 1944 Interim Dividend of Ten Pence for each One Pound of Ordinary Stock for the current year on the issued Ordinary Stock of the Company free of British Income Tax.

Transfers received up to March 1, 1944 will be in time to enable transferees to receive dividends.

As regards Bearer Warrants the two above dividends will be paid together against the deposit of one coupon only namely No. 193.

BRITISH-AMERICAN TOBACCO COMPANY, Limited
January 18, 1944

Borden's
COMMON DIVIDEND
No. 136

An interim dividend of forty cents (40¢) per share has been declared on the outstanding common stock of this Company, payable March 1, 1944, to stockholders of record at the close of business February 15, 1944. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

THE BUCKEYE PIPE LINE COMPANY

26 Broadway
New York, January 26, 1944.

A dividend of Twenty (20) Cents per share has been declared on the capital stock without par value of this Company, payable March 15, 1944 to stockholders of record at the close of business February 18, 1944.

J. R. FAST, Secretary.

INTERNATIONAL HARVESTER COMPANY

Quarterly dividend No. 102 of one dollar and seventy-five cents ($1.75) per share on the preferred stock, payable March 1, 1944, has been declared to stockholders of record at the close of business February 5, 1944.

SANFORD B. WHITE, Secretary.

The United Corporation

$3 Cumulative Preference Stock

The Board of Directors of The United Corporation has declared a dividend of $1.25 per share, on account of arrears, upon the outstanding $3 Cumulative Preference Stock, payable February 14, 1944, to the holders of record at the close of business February 2, 1944.

THOMAS H. STACY, *Secretary.*
Wilmington, Delaware
January 19, 1944.

LIQUIDATION NOTICE

The First National Bank located at Butte in the State of Nebraska is closing its affairs. All creditors of the association are therefore hereby notified to present claims for payment.

ED. S. DONAHUE, President.
Dated December 2, 1943.

DIVIDEND NOTICES

Chicago, Milwaukee, St. Paul and Pacific Railroad Company

SEEKS NAMES AND ADDRESSES OF BONDHOLDERS.

Trustees of the Railroad are seeking names of the holders, their addresses and the amount of bonds held by them to enable the Interstate Commerce Commission to submit such plan of reorganization as may have their approval and that of the District Court. The following are the issues outstanding:

CM & St. P. Ry. Co. General Mortgage
CMStP. & P. RR Co. 5% bonds of 1975
CMStP. & P. RR Co. Convertible Adjustment
Milwaukee & Northern RR Co. First Mortgage
Milwaukee & Northern RR Co. Consolidated Mortgage
Chicago, Milwaukee & Gary First Mortgage

Section 77 (c) (5) of the Bankruptcy Act requires any one having information as to the names and addresses of holders of any securities of the Debtor Company to divulge such information to the Trustees. Responses are to be made to R. J. Marony, New York Fiscal Representative, 52 Wall Street, New York 5, N. Y.

SOUTHERN RAILWAY COMPANY
New York, January 25, 1944.

Dividends aggregating Three Dollars and Seventy-five Cents ($3.75) per share on the preferred stock of Southern Railway Company have today been declared, payable One Dollar and Twenty-five Cents ($1.25) March 15, 1944, to stockholders of record at the close of business February 15, 1944, One Dollar and Twenty-five Cents ($1.25) June 15, 1944, to stockholders of record May 15, 1944, and One Dollar and Twenty-five Cents ($1.25) September 15, 1944, to stockholders of record August 15, 1944.

Checks in payment of these dividends will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY,
Vice-President and Secretary.

UNITED GAS CORPORATION
$7 Preferred Stock Dividend

At a meeting of the Board of Directors of United Gas Corporation held January 26, 1944, a dividend of $3.50 per share was declared on the $7 Preferred Stock of the Corporation for payment March 1, 1944, to stockholders of record at the close of business February 11, 1944.

E. H. DIXON, Treasurer.

What Will Stocks Earn In 1944—And After War

The 1944 earnings and dividends of 200 leading stocks have been estimated by the Value Line staff and are now available as well as the Value Line Ratings projected on the basis of 1944 and 1956 earnings estimates, which graphically reveal undervaluation and overvaluation in individual stocks.

The Value Line Investment Survey is making a special trial offer of $5 for the next four weekly editions including the 1944 and post-war (1956) earnings estimates; reports and ratings on 200 leading common stocks; the next two Fortnightly Letters; the report on the Value Line Supervised Account (a model fund managed currently and with advance knowledge to subscribers of all changes made for the Account); the next Special Situations edition (reporting on 36 unusually attractive bonds, preferred stocks, liquidating situations). Since this trial offer rate is well below the $85 annual rate, this offer must be restricted to those who have not had a one-month subscription this year. For the next four weekly editions of the Value Line Investment Survey, write to the Value Line, 347 Madison Ave., New York City.

Chicago S. E. Subscribes To Fourth War Loan

CHICAGO, ILL.—The Board of Governors of the Chicago Stock Exchange gave impetus to the Fourth War Loan Drive by approving the Finance Committee's subscription of $200,000, par amount. This subscription brought the participation for all accounts of the Exchange to a total of $1,349,500 in the four War Bond Drives.

Now Chicago S.E. Members

CHICAGO, ILL.—John G. La Forge, partner of John G. La Forge & Co., and William H. Sills, President of Sills, Minton & Co., Inc., were elected to membership in the Chicago Stock Exchange by the Board of Governors, it is announced. Sills, Minton & Co., Inc., is the eighth registered member corporation of the Exchange.

The Securities Salesman's Corner

An Advertising Campaign That Is Showing Profits

Leonard J. Fertig & Co. of Fort Wayne, Indiana, has sent this department some ads which have produced excellent results. Other dealers who have been under the impression that it is necessary to use tombstone announcements if they are to meet present day requirements for financial copy might profitably study the following advertisement.

This ad is only one of a series which have been constructed around the theme of "Knowing the Facts About Outstanding Companies in American Industry." The advertiser wisely has also followed the same style of layout for each ad in the campaign. This one was three-column by nine and one-half inches, others used two-column by seven.

1323 Stockholders Own
Tokheim Oil Tank & Pump Company

MANY of the stockholders are employees who have been thrifty. Others are from every walk in life. Talk to a Tokheim employee and ask him about the plant—invariably he'll say "It's a Great Place to Work." Tokheim has an employees' insurance program, also a profit sharing retirement trust.

Dividends Since 1918

The management of Tokheim, recognized in business circles as outstanding, looks upon disbursements to stockholders as MONEY PAID OUT TO COVER COST OF HIRED CAPITAL. Capital must be hired from the people or banks and must be paid the same as labor. This is sound thinking.

In War Production Since August, 1939

Tokheim did not wait until Pearl Harbor to make plans for helping the Allied Nations. Back in August, 1939, the management went into war production—again demonstrating keen foresight.

Sales offices are maintained in 24 cities. Tokheim's postwar program will be aggressive.

We buy and sell Tokheim Stock. It sells for $12.50 to $13.00 per share at the present time. Our business is to increase the earnings of your money, while paying first attention to safety of principal. We serve banks, insurance companies, trustees of lodges and estates, also hundreds of individuals. We shall be pleased to serve you — giving facts and figures—after which you use your own judgment.

LEONARD J. FERTIG & Co.
Ground Floor, Berry at Court St. Telephone A-4152
MEMBERS CHICAGO STOCK EXCHANGE

In our opinion, this ad presents facts which are interesting and it has a human touch. Notice the absence of balance sheets, income accounts and dry facts. Instead "Dividends Since 1918" tell the story. Also notice how cleverly the story of the management's policy regarding dividend disbursements is presented. "The Management of Tokheim Recognized in Business Circles as Outstanding, Looks Upon Disbursements to Stockholders as MONEY PAID OUT TO COVER THE COST OF HIRED CAPITAL." Isn't this an effective way of putting the story across?

In Italics, and distinguished further by a line above and below this portion of the ad, comes the real pulling power and business building clincher of the advertisement. Notice, WE BUY AS WELL AS SELL Tokheim stock—and, our business is TO INCREASE THE EARNING POWER OF YOUR MONEY. Prestige is created by the subtle use of the statement of fact, WE SERVE BANKS, INSURANCE COMPANIES, TRUSTEES OF LODGES AND ESTATES, ALSO HUNDREDS OF INDIVIDUALS. . . . GIVING FACTS AND FIGURES AFTER WHICH YOU USE YOUR OWN JUDGMENT.

No pressure, no pushing, an implied invitation to find out more about this excellent service. Is it any wonder this progressive firm is making its advertising pay.

P.S.—Other dealers who have been conducting sales promotional or advertising campaigns are invited to send their copy to this department for analysis and comment.

Attractive Situation

Class A stock of Chicago and Eastern Illinois offers an attractive situation at current levels according to an interesting analysis prepared by Raymond & Co., 143 State St., Boston, Mass. Copies of this discussion may be obtained upon request from Raymond & Co.

Interesting Situation

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting bulletin discussing the attractions of issues of the Chase National Bank. Copies of this bulletin may be had from Laird, Bissell & Meeds upon request.

Corn Exchange Bank Employees Reject CIO Union

Employees of the Corn Exchange Bank Trust Company of New York, voted on Jan. 19 by 768 to 609 to reject the United Offce and Professional Workers of America, affiliate of the Congress of Industrial Organizations, as a collective bargaining agency. Advices to this effect were reported in the New York "Times" of Jan. 20, which went on to say:

Announcement of the vote was made last night at the regional office of the National Labor Relations Board, 120 Wall Street, which supervised the balloting. Participating in the election were bank tellers and clerks from the bank's main offices and its 75 branches. It was the largest election of bank employees yet conducted by the NLRB, under the direction of Charles T. Douds, regional director.

The total number eligible to vote was 1,492. Twenty-seven ballots were challenged and five were voided.

The United Office and Professional Workers was the only organization on the ballot, with the employees called upon to vote for it or "no union."

In a statement last night Lewis Merrill, President of the United Office and Professional Workers, declared that "although the union lost the Corn Exchange election the 609 union votes are evidence of bank employees' need for salary increases and their just desire for a union."

Mr. Merrill said the union "will continue to fight for a national salary policy that will enable white collar workers to perform their jobs with the measure of efficiency and morale required by our nation's victory efforts."

Increases in Salary to Employees of J. S. Bache & Co.

Under date of Jan. 8, Washington advices to the New York "Times" had the following to say regarding increases by the WLB to employees of J. S. Bache & Co.:

The War Labor Board today directed J. S. Bache & Co., New York stock brokers, to increase their minimum salary rate from $17 to $20 a week and ordered retroactive pay of $1.50 a week from Oct. 20, 1942.

An increase of 15% above the minimum of $20 a week and above any increases necessary to bring salaries of certain employees up to their levels of Jan. 1, 1940, when salaries were cut, also was ordered by the Board.

FIC Banks Place Debs.

An offering of debentures for the Federal Intermediate Credit Banks was made Jan. 13 by Chas. R. Dunn, New York, fiscal agent for the banks. The financing consisted of $15,580,000 0.90% Consolidated debentures dated Feb. 1, 1944, and due Nov. 1, 1944, and $15,125,000 0.75% Consolidated debentures dated Feb. 1, 1944, and maturing July 1, 1944. Both issues were placed at par. Proceeds of both issues will be used to retire a like amount of debentures becoming due Feb. 1, 1944.

As of Feb. 1, 1944, the total amount of debentures outstanding will be $315,335,000.

Pittsburgh Rys. Look Good

The current situation in Pittsburgh Railways System, particularly certain of the underlying bonds, offers attractive possibilities for appreciation, according to a study prepared by T. J. Feibleman & Co., 41 Broad St., New York City. Copies of this interesting study, which is available to dealers only, may be had upon request from T. J. Feibleman & Co.

Municipal News & Notes

A decision of vast importance to holders of tax anticipation warrants has just been issued by the Illinois Supreme Court, the burden of which is that creditors have no recourse to regain their investment in the event that insufficient taxes are collected to pay the warrants. The court held that the State legislature cannot constitutionally pass an act to authorize payment of such obligations out of revenue other than the levy against which the warrants are drawn. In reporting the decision, the Chicago "Journal of Commerce" of Jan. 22, commented further as follows:

The ruling came in the affirmation of a Cook County circuit court order enjoining the Chicago Board of Education and the City of Chicago from issuing bonds to pay a judgment to Frank J. Lewis, president of the F. J. Lewis Manufacturing company and former deputy chairman of the Federal Reserve Bank of Chicago, who sought recovery on $70,000 worth of 1929 tax anticipation warrants be had purchased.

Paid Serially

The taxes collected to pay the 1929 warrants were not enough to redeem the full issue. Following the Board of Education custom, the warrants had been paid as taxes were collected, serially, starting with the earliest numbers, but approximately $7,000,000 of warrants, with interest, were not paid.

A number of suits were started, claiming that the tax money should have been distributed pro rata to the warrant holders instead of by number, and various judgments were entered to collect the amount of the unpaid obligations.

The Illinois legislature then passed a statute to allow a bond issue to be floated to pay these judgments. After further litigation, including a taxpayer's suit to prevent payment of the judgments, the present decision resulted.

The supreme court opinion said in part: "It must be taken as the established law of this state that a statute which undertakes to authorize the payment of tax anticipation warrants out of revenue other than the levy against which they are drawn transcends constitutional provisions.

"Mr. Lewis advances various contentions by which he seeks to avoid the application of the foregoing principle to his judgment. He calls attention to the fact that in obtaining his judgment he did not declare upon the warrants but limited his right to recovery to an amount he should have received from the tax money collected on the 1929 levy had it been paid pro rata on all warrants issued against the fund. The difference in the character of the action does not in itself obviate the application of the rule."

Mr. Lewis contended also that to bar him the right of recovery on his judgment was to violate his rights under the due process clause of the state and federal constitutions.

The supreme court said, however: "He purchased the anticipation warrants charged with the knowledge that they did not create a liability against the school district issuing them. They were in legal effect, assignments of sufficient amounts of tax money to pay the principal and interest. After delivery there was no liability upon the municipality issuing them, either absolute or contigent, to pay if the taxes levied proved to be insufficient.

"It is not a denial of due process to hold that the loss that arises out of such warrants cannot be imposed upon the municipality issuing them."

Possible Opinions In Port Authority Case Outlined

It is generally believed that the United States Tax Court will shortly issue a decision in the case involving the Federal income tax liability of holders of bonds the Port of New York Authority. In this connection, the municipal bond firm of Lyons & Shafto, Inc., New York City and Boston, has prepared an interesting discussion of the possible opinions that the court may issue. "We make no attempt to predict the outcome of this litigation", the bond house declares, in citing the various forms which the decision might take "regardless of its own or others' belief as to the likelihood or propriety of one form as opposed to another."

Edmonton, Alberta, Plans Partial Debt Refunding

Possibility that Edmonton, Alta., may refund $1,700,000 of its outstanding debt is indicated in a proposed list of charter amendments which City Council will present to the Alberta legislature. Mayor Fry and other city officials are reported to have recently conferred with financial interests in Toronto and Ottawa on refunding the municipal debt of approximately $22,400,000. The Mayor, according to Canadian press accounts declared that the discussions were "moderately successful," but that any refunding would have to be done piecemeal, "a little at a time."

Among a proposed list of charter amendments is one which would ask the legislature to "validate certain by-laws in connection with the borrowing of $1.7 millions for the purposes of buying in certain outstanding debentures and issue other debentures at lower interest rates." Apparently this is the first "piecemeal" step. The mayor refused to discuss any details of the refunding, saying negotiations still were under way and details published might damage them.

The city commissioner said, "The average interest rate on present outstanding debentures is 4.9%. It is expected the average interest rate on refunding debentures will be substantially less."

"In order to carry out the proposed arrangement it is necessary to obtain certain charter amendments. The general powers of the charter with regard to borrowings provide only two methods of repayment of debentures — equal annual payments of principal and interest during the period debentures run, and payment at the end of the interest period.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of the late Charles Tifft to Harold A. Longwell will be considered on Feb. 3. Mr. Longwell will continue as a partner of J. W. Sparks & Co.

Howard E. St. John will retire from partnership in Collin Norton & Co., New York and Toledo, on Jan. 31.

Dudley M. Irwin, Jr. retired from partnership in Doolittle, Schoellkopf & Co., Buffalo, N. Y., on Jan. 1.

Attractive Situation

The cumulative 5% preferred stock of Eversharp, Inc., appears to have the major essentials of an attractive situation, both from the standpoint of yield and price appreciation, according to a memorandum issued by White & Co., Mississippi Valley Trust Bldg., St. Louis, Mo. Copies of this interesting memorandum are available, to dealers, on request from White & Co.

Ohio Municipal Comment

(Continued from page 398)

that they could have made as much as or more profit in the purchase of municipals last September. Conversations with banks in Ohio indicate that, at least at this stage of the drive, there has not been so much inquiry from dealers for loans to purchase Governments.

"Too High Priced—Or Too High Grade?"

As in the past, comments are occasionally heard from investors that "Sure the bond is good, but the price is too high." It would be advisable for the investor in such a case to ask himself whether he really wants to buy bonds only of high quality. If he wants bonds of such quality, as most assuredly he should these days, and is yet unwilling to pay the price necessary to get them, he is perhaps unaware of the very slight differential that exists today between the return on high grade bonds and the return on bonds of lower quality.

For example, a bond due in 1950 may seem "too high" at a yield of 1.00% to an investor who would buy a 1949 maturity at a 1.20 or 1.25% yield. Such an investor (and there are many such) should ask himself whether he is not actually sacrificing more in quality than he gets in the additional return of only .20% or .25%. Such a difference in yield seems little enough to pay for quality. The question is "Does the buyer really want high quality, or is his preference more for even a little more yield?"

The practice of comparing the yields on municipals with the return after taxes on Governments, like everything else, has its bad points as well as its good points. Oftentimes this practice results in the refusal to buy municipals that yield less than Governments of like maturity yield after taxes—as it should in some cases. However, it also results too often in a consideration of this comparative yield, more than in a consideration of the inherent quality of the municipal bond being offered. All municipal bonds, not even all Ohio municipals, are not of as high quality as are U. S. Government securities, but too often the investor will turn down a high grade municipal with the remark, "I can get as good a yield, or better, after taxes from Governments of the same maturity," and in the next moment buy a municipal bond of lower quality because it is offered at a yield somewhat better than the tax-free comparative yield on Governments, even though such municipal bond may yield only .20% or .25% more than does a really high grade credit.

Attractive Situations

The current situations in Brooklyn, Ohio, 3-5% bonds of 1966, Consumers Public Power District and South Euclid, Ohio, 2-5% bonds of 1968 offer interesting possibilities according to circulars issued by Kline, Lynch & Co., Inc., Carew Tower, Cincinnati, Ohio. Copies of these circulars may be had from the firm upon request.

Tomorrow's Markets Walter Whyte Savs——

(Continued from page 399)

forecasters say about the same thing.

* * *

Whether the market will be way up by next Spring or Summer is something I can't say. I have all I can do trying to figure prices a week ahead without getting cross-eyed glimpsing into the distant future. Besides neither I nor anyone else I know knows what political or economic changes will occur in the next three months or so. For example, anybody who is even faintly familiar with the budget knows, and knew, that the tax bill was wholly inadequate. Of course, to expect an election year Congress to pass an unwelcome tax bill is too much to ask of it. But even our most naive observers realize that another tax bill will have to come out of the hopper. What such a measure will do to the market is still a guess. So, anybody who tries to say what the next three or four months has in store for the market is simply guessing.

* * *

Technically, the market is still in the midst of offerings. True, it hasn't shown any mad desire to "up" its bids. But, by the some token, neither have offerings come down to hit bids. Maybe by the time this reaches your eyes the stalemate will be broken. So far, it shows little except a firm understructure.

* * *

That being the opinion of this column, I suggest not only holding on to the stocks you have but adding to them while conditions are still in a state of flux. My current recommendations are:

Buy Armstrong Cork 37-38 with a stop at 35. Buy Borg-Warner 35-36 with a stop at 33. Buy Kroger Grocery 31-32 with a stop at 30. Buy National Gypsum between 9 and 9½ with a stop at 8. Buy Pullman 37-38 with a stop at 36.

* * *

When any of these will start moving is something they themselves will determine. But if they don't show anything within the next 10 days we'll take another look at them. In addition to the above list you still have Curtiss-Wright "A," Lockheed, American Steel Foundry and Western Union. Their action is neither better nor worse since the previous week, so I continue to recommend retention within the limits set for them in last week's column.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Ohio Brevities

(Continued from page 398)

connected with War Bond drives since their inception, has been appointed a member of the War Bond committee for 1944 of the National Security Traders Association, William P. Brown of New Orleans, Associated President, announced.

Cole is now serving as co-chairman in the Fourth War Loan drive in the city of Euclid, a Cleveland suburb where he lives, for the fourth time.

Cole was national committeeman of the NSTA in 1940 and was President of the Cleveland Security Traders Association in 1939. He is a partner in the firm of Ledogar-Horner & Co.

* * *

American Marketing Association has chosen Howard Whipple Green, Cleveland statistician, as President. He succeeds D. Albert Hairing of the University of Indiana. Green becomes the second member of the northeastern Ohio chapter to head the group, Dr. R. G. Cowan of Republic Steel Corp. having been President at one time.

* * *

Peter Ball, President of Ball, Coons & Co., has been elected to a three-year term as a member of the board of governors of the National Association of Securities Dealers, Inc. He had been Chairman of the Ohio-Kentucky committee for three years.

* * *

Cleveland houses taking part and their participations in the successful $45,000,000 offering of first mortgage bonds and $10,000,000 sinking fund debentures of Florida Power & Light Co. included:

Hayden, Miller & Co., $248,000 bonds and $55,000 in debentures while Fahey, Clark & Co., Merrill, Turben & Co., and Ohio Co. each had $161,000 bonds and $40,000 debentures.

* * *

Paul J. Eakin, a partner in Hornblower & Weeks and in the investment business since 1929, discussed participation of the savings and loan business in the present War Loan drive before the monthly meeting of the Cuyahoga County Savings & Loan League, just prior to the opening of tne campaign.

Wire Bids on
VIRGINIA—WEST VIRGINIA
NORTH and SOUTH
CAROLINA
MUNICIPAL BONDS
F. W.
CRAIGIE & CO.
RICHMOND, VIRGINIA
Bell System Teletype: RH 83 & 84
Telephone 3-9137

LAMBORN & CO.
99 WALL STREET
NEW YORK 5, N. Y.
SUGAR
Exports—Imports—Futures
DIgby 4-2727

Established 1856
H. Hentz & Co.
Members
New York Stock Exchange
New York Curb Exchange
New York Cotton Exchange
Commodity Exchange, Inc.
Chicago Board of Trade
New Orleans Cotton Exchange
And other Exchanges
N. Y. Cotton Exchange Bldg.
NEW YORK 4, N. Y.
CHICAGO DETROIT PITTSBURGH
GENEVA, SWITZERLAND

Government's Place In Post-War Labor-Management Relations

By H. W. PRENTIS, Jr.

(Continued from first page)

corporation these days is quite accustomed to have the cannon of competitors volleying in front of him, the guns of government bureaucrats firing on him from the left, stockholders' artillery enfilading his right, occasional potshots from dissatisfied customers in his rear, plus a steady rain of demagogic poison gas bombs from the air. The very ground that he treads is mined with political propaganda. Hence it is not too bad to venture for an hour or two into the relative quiet of a fact-seeking organization like this, particularly when I can enjoy the company of two such able thinkers as the gentlemen with whom I am teamed up tonight, who, I know—no matter how our views may differ—are sincerely seeking the formula for a brighter, better America in the postwar years.

Government's place in postwar labor-management relations, according to my way of thinking, is three-fold: First, it should fix the rules; second, it should administer them efficiently; third, it should function as an umpire, not as a czar.

The exigencies of the present crisis have justified—in the minds of some government administrators—the adoption of opportunistic methods in smoothing over labor difficulties in the interests of full war production. However, the time has come when government, labor and management must see to it that a sound, permanent program adapted to times of peace is established. The legal basis for that program should be set up as soon as it is feasible to do so by congressional action.

In setting the postwar rules, government should keep in mind that organized labor in the United States has now come of age. It is no longer an "infant industry." In the past decade it has passed through a lusty period of adolescence and must now assume the full obligations of manhood. The arguments formerly used to justify legislation and judicial decisions granting special privileges to labor—because it was the under dog—no longer hold water. In every field of human relations, injustice and chaos inevitably result when individuals are placed in position to exercise power without the assumption of commensurate responsibility. If a man desires to be a brigadier general with the honor and authority inherent in that position, he must assume responsibility for his brigade, or the army could not tolerate him. If an individual wants to be an officer of a corporation, he must perforce take on his shoulders the legal, social and moral responsibility which statutory law and ethical tradition impose upon him. He cannot escape such obligations and it is well that he should not. Power is a heady drink. Our forefathers knew it, for as Pitt said: "Where law ends, tyranny begins." So setting the rules for postwar labor-management relations boils down to this: Existing statutes must be modified so as to require the assumption by organized labor of a degree of responsibility for its actions commensurate with the enormous power which it now exercises by governmental sanction and edict.

In the past, while the issues involved in most labor disputes have been important, nevertheless they have been chiefly concerned with matters of more or less transitory character: The determination of collective bargaining units, the recognition of unions, wage scales, working conditions, etc. None of these questions strikes at the roots of the Republic. Now the situation has changed. Labor-management relations involve problems that go deep into the vitals of constitutional self-government: The right to work freely at a lawful vocation of a man's own choosing; the control of labor supply—and hence the volume of production and the scale of living—by the srt of invisible government that the closed shop makes possible; the tremendous power of labor pressure blocs on government administrative bodies; the protection of minority and individual rights in labor disputes; the financial impact of horizontal class groups on our political elections; the dilution of the power of management to control and direct private business efficiently—these are some of the portentous issues that impend in the crucial years ahead. If the rules are not set by government so that these problems will have to be worked out essentially by private organization effort—even though at great travail—the end of American freedom is not many decades distant; and management, labor and the people at large will all find themselves crucified once more on the cross of dictatorship and tyranny.

In pioneering new ground, popular self-government has always pursued the trial and error method. So in modifying the National Labor Relations Act, the Norris-LaGuardia Act, the Sherman Act and other laws affecting labor-management relations, such as the Fair Labor Standards Act, we shall not be proceeding in other than strictly American fashion. The Interstate Commerce Commission Act has been amended twenty-five times; the Securities and Exchange Act, twice; the Tennessee Valley Authority Act, twice; the Federal Alcohol Act, twice; the Motor Carriers Act, once. Of course, no changes should even be considered which would affect the fundamental right of any working man to freely seek the benefits of collective negotiation when and as he desires to do so. But the public interest and the interest of the 75% of the workers of the country, who are not union members, are of equal concern.

Existing labor - management legislation should, therefore, be amended with the following basic principles in mind: Recognition that monopoly and monopolistic practices in the field of labor are as harmful to the public interest as similar practices are in either manufacture or distribution; recognition that employees have a right to represent themselves in dealing directly with their employers, if they so desire, and that when they wish to have others represent them, they are entitled to choose such representatives without coercion of any kind; recognition that employees have an equal right to join or not to join a labor organization; recognition that while employees have the right to quit work, either individually or collectively, they have no right to prevent others from working or any right to intimidate customers or their employers. In the interest of employees, no strike should be permitted which has not been approved by a secret ballot by those directly involved. Minority rights might well be protected in such cases by separating all employees into two groups—those with five years' service or more; and those with less than five years' service—and requiring majority approval by both groups before any strike could be called. In the interests of the public, limitations might properly be placed on the right to strike of employees engaged in essential public services. Strikes of government employees should be absolutely prohibited.

In revising the rules, the employer's right to freedom of speech in labor disputes should be clearly defined. Cognizance should also be taken of the fact that collective bargaining between employers and employees should never be used to compel either party to surrender basic principles, or to permit them to establish collusive agreements between themselves to the disadvantage of the public. To insure responsibility, legislation should provide for the distribution of audited financial reports to members, the regular election of union officers at reasonable intervals by secret ballot, the prohibition of political contributions and the elimination of those sweeping immunities from the anti-trust and anti-racketeeering acts which, according to the Supreme Court, the unions now enjoy. In the public interest, all of these legal restrictions have long been applied to business. In the public interest, they must now be applied to organized labor also.

In setting its rules, the government should proceed, it seems to me, on the principle that the fixing of maximum wages by law is undesirable during peace-time in all instances. Such procedure would destroy the initiative of workmen, undermine the use of wages as an incentive for accomplishment and make it exceedingly difficult for employees to advance on the basis of their demonstrated individual ability. In other words, the purpose of all legislation to control wages and hours should be social and not economic and should be strictly confined to the worthy social objectives of preventing exploitation and protecting a decent standard of living. Finally, all legislation should be avoided which would inhibit the authority of management ultimately to determine what and how much will be produced, where and how it will be produced and how it will be sold. This last point is of paramount importance. for if government destroys the right of an employer to supervise and develop the general efficiency of the plant that is his property or that of his stockholders, the industrial progress of America will be crippled, the establishment of new enterprises will be discouraged, and the expansion of existing businesses gravely handicapped.

Mr. Watt spoke publicly on Jan. 13 of the grave disadvantage of "duplication, scattered authority, uncertainties and unbelievable details" in handling wage disputes. So it seems obvious that Congress should provide for the concentration of authority and responsibility for handling all postwar labor-management problems in one governmental body. In my opinion, whatever board is set up, it should be an independent commission—like the Interstate Commerce Commission — reporting directly to Congress. Under its jurisdiction should come everything pertaining to labor-management relations, including the functions now being performed by the National War Labor Board, the National Labor Relations Board, the Conciliation Section of the Department of Labor, the administration of the Fair Labor Standards Act, the Walsh-Healey Act, etc.

Personally, I should prefer this board to be a relatively small body in which no factor but the public interest would be officially represented. This does not mean that its members should not be men of experience in the fields of labor, industry, governmental administration, etc., but they should, in my judgment, not be considered as representatives of any particular segment of the population, but should be appointed solely on the basis of ability and patriotism, with the understanding that their function was to consider the vital problems that come before them with only one thing in view, namely, the interests of the whole citizenry of the Republic.

Men are not appointed to the Supreme Court of the United States because they represent one group of the population or another. They are selected for their intellectual and legal attainments and their reputation as good citizens. These, in my opinion, are the only qualifications that should apply to appointments on what might be termed the High Court of Labor-Management Relations. This body, whatever its name, will have more to do with the preservation of our free institutions in the critical years ahead than any other governmental commission that I know of. For there is no gainsaying the fact that we are in the throes of revolutionary changes in respect to our basic concepts of economic organization. And if these relationships are not solved in accordance with the over-riding principle of our peculiar form of popular self-government, namely, the protection of the individual and of minorities from the unbridled will of the current majority, the ultimate collapse of our free institutions will follow just as surely as the sun rises in the east and sets in the west, and we shall have fought this war against tyranny in vain.

Obviously, to function effectively, the High Court of Labor-Management Realtions will have to decentralize its activities by district and regional bodies clothed with appropriate responsibility and power. Moreover, and I know I here tread on dangerous ground, the states, I think, should be encouraged to take their due share of the burden in this field. Certainly purely local difficulties should be solved without the intervention of Federal authority. And being, as I am, a firm believer that local responsibility for local affairs, closely tied in with local taxing power, is indispensable to the preservation of the American Republic, I hope that there may gradually be some reversal of the Supreme Court's action in stretching the interstate commerce clause to the point where virtually every labor dispute comes under the jurisdiction of the Federal Government. Physical administration can be handled by effective regional organization, but no organization, however widespread, can solve the basic problem that is here involved, namely, making the individual citizen at the local level feel his civic responsibility. As Theodore Roosevelt pointed out years ago: No man can be a good citizen of the nation unless he is first a good citizen of some community. And no man can become a good citizen of any state, county, town or city, unless he is forced by local circumstances—through personal action, or merely as a part of that inchoate thing we call public opinion—to help solve the political, economic and social problems of his own community. When the local citizen is allowed to feel that no matter what he does, some remote Federal bureau will take all his troubles off his hands, the foundations of the Republic are in serious danger.

In respect to the third point that I mentioned at the outset, namely, that government should funcion in the field of labor-management relations as an umpire and not as a czar, I believe that farseeing leaders on both sides will find common ground on which to stand. Certainly I can subscribe to the statement of Mr. Watt at a meeting here in New York in September 1942 that "there is a considerable drift toward a strong man rule—which will gather momentum unless employers and workers together prove very definitely to the American people that they are capable of operating a real practical economic democracy."

This raises the question: What does that phrase "economic democracy" that we bandy about so freely, mean? If economic democracy signifies that monopolistic practices must be prevented so that any rising young business man can have his chance, or if it means collective negotiation in behalf of a group controlled by the majority of that group, I can understand the phrase clearly. However, to many people, economic democracy seems to imply more than either of these concepts involves.

If economic democracy, in addition to collective negotiation and freedom of opprtunity, means that industry shuld be so organized as to provide opportunity for budding ability wherever it may be found; that every worker should be fully trained in the technique of his job; that constant effort should be made to disclose and explain the economic problems of a business to its workers; that suggestions for its betterment from every employee of high or low degree should be encouraged; that men in supervisory positions from the humblest assistant foreman to the highest executive should be trained to lead rather than to drive; that every employee should be treated with dignity and consideration; that constant effort should be directed to improve all those conditions of employment that make for comfort, safety, happiness and peace of mind—then I can also understand what the phrase "economic democracy" means and can subscribe wholeheartedly to the vital importance of bringing such practices into being in American business wherever they do not already exist.

On the other hand, if by economic democracy is meant an attempt to manage industry by a stort of soviet system of workers' participating directly in all phases of day by day executive management, then I can see such a mountain of practical difficulties and obstacles ahead as to obstruct, or even destroy, the present tremendous effectiveness of our American industrial organization—that organization which has wrought such miracles of production in peace and war, and which has lifted our scale of living to such unprecedented levels.

In an address by a sincere academic analyst of economic problems not long ago the assertion was made that the conflicting interests of employers and workers in industry could not be integrated except through "a joint undertaking to discover what the optimum distribution of the product of the enterprise should be." The writer went on to say: "This integrated interest requires nothing less than that all who are concerned in industry shall make no prior or arbitrary assumptions as to what wages or profits must be; that they shall make only one assumption, namely, that the functions of industry as a public service must be carried on." All that is admirable in intent. I agree with the objective sought, but from a practical view-point, would the proposal for "a joint undertaking to discover what the optimum distribution of the product should be," work? As the manager of a business, try to build a budget on that basis. Sit down with me with a committee representing our present 18,000 employees. Start with "no prior or arbitrary assumption as to what wages and profits must be." Tell the committee that in building our budget we shall make only one assumption, namely, "that the functions of industry as a public service must be carried on." What would happen? We would be greeted with blank stares and silence.

In other words, it is easy to postulate ideal procedure but, unfortunately, human nature in the mass does not always work that way. Here and there you will find a workman who is genuinely concerned with the economics of industry, but nineteen out of twenty are not interested in budgets, cost accounting, the problems of pricing, or the intricacies of corporate finance—any more than I, as a business executive, am interested in Sanskrit or the life cycle of the fruit fly! The average worker expects fair wages, satisfactory working conditions, decent and respectful treatment from his supervisor, but he does not want to be bothered with the grave and detailed responsibilities of management. As a matter of fact, he finds great comfort—like the rest of us frail human beings — in leaning on somebody else's shoulder in whom he has confidence. He, too, likes to follow intelligent leadership. Good management consists in selecting and training capable individuals at all levels so that there will be management from the bottom up, not merely from the top down. Sound collective negotiation and fair-minded, intelligent labor union leadership can contribute much to that objective. But no matter how much assistance is sought and secured from the employees of any business, there is no substitute for the dynamic visions and catalytic power of forceful management.

We can distribute wealth by political action, but not genius and character and leadership. The uncommon few who possess such characteristics in an outstanding degree are the great benefactors of civilization. It was Washington who held the struggling colonies together in their fight for liberty—not a junta of the rank and file. It was McCormick who built the first successful reaper—not a group of farmers in Rockbridge County, Virginia. It was Bell who invented the telephone—not some manufacturers' association. It was Marconi who discovered wireless telegraphy—not a labor union. It was Lincoln who drafted the Gettysburg Address—not a government commission. So whatever government may do, whatever labor may do, whatever management may do in its search for economic democracy, let us all resolve not to countenance anything that will destroy for the generations of Americans yet to be, those well-springs of individual initiative from which, in a very literal sense, all our earthly blessings flow.

Of course, business cannot exist without labor and labor cannot exist without business. But wise labor leadership will always remember, too, that the opportunity for a union only arises after a successful business had been established. And from their many published expressions, I know that those who guide the policies of organized labor are ready to join with management and all farseeing Americans in opposing any action on the part of government in its role as umpire of labor relations that would discourage the creation of new enterprises or the steady growth of those already in existence.

In this category would fall any legislation or administrative orders designed to coerce labor and management into compulsory arbitration, industry-wide collective bargaining and the closed shop. Compulsory arbitration in times of peace, I think, should be opposed just as much by labor as by management. For example, if government assumes the power to fix wages through compulsory arbitration, it must, sooner or later, also assume power to control prices in order to protect the public interest. The argument for the prohibition of strikes and work stoppages in essential public services, such as transportation, electirc power, gas, water, etc. rests on this fact. For in these industries, public authority already controls the rates at which such services are sold. Apparently one of the prices that we must pay for freedom in general is a certain amount of suffering and trouble in resolving the labor problems that are a part of our free private competive business system. Compulsory arbitration will lead straight to some form of the corporative state — fascism — and eventually to the loss of all our hard-won liberties. We cannot have the cake of freedom and eat it too. What grave responsibility this places upon both labor and management! I shall have a further word to say about this before I close.

Any legislative or adminstrative sanction of so-called industry-wide collective bargaining should also, in my judgment, be definitely discouraged. When I speak of industry1wide bargaining, I am not referring to local organizations of either labor or management in a given community or regional area along horizontal lines. Such procedure, it seems to me, can serve a useful purpose in certain cases by balancing the powers of one lacal gainst those of the other, thus promoting the general welfare of the community at large.

Industry-wide collective bargaining, however, is fraught with many dangers when applied to a country as large as the United States, with its many diverse sectional conditions. It certainly would not encourage the establishment of marginal enterprises in small communities where disadvantages of location are frequently overcome by lower operating costs, including lower wage rates. It would tie the hands of those employers who wanted to do more for their workers than the rest of the industry was prepared to do. It is open, also, to the same criticism that has been lodged against so-called "big business." For it creates "big labor," and "big labor"—because its leaders are human beings just like the leaders of business—are just as prone to misuse their authority as certain elements in "Big business" have misused their power in years gone by. Experience in England with industry-wide bargaining and in certain industries in this country where it has already been applied, indicates that the public interest frequently suffers by collusive action under which the cost of abnormally high wages, arbitrary restriction of production and feather-bedding rules, are passed along to the consumer through higher prices than would otherwise obtain. Hence industry-wide collective bargaining — if generally adopted—will bring in its wake, just as surely as we are sitting here tonight, a high degree of governmental control of labor-management relations and a corresponding decrease in that freedom of action on which economic progress and our future liberties depend.

The right to work freely at a lawful vocation of one's own choosing was regarded as so obvious and undebatable by our forefathers as not even to require specific mention in the Bill of Rights. In the Turgot Edict of 1776 in France—which was well known to them—by which the industries of France were emancipated from the previous State monopolies, we find this affirmation: "God, in creating man with necessities, has compelled him to resort to labor, and has made the right to labor the first, most imprescriptible right of man." And a Justice of the Supreme Court of the United States in an early decision stated: "There is no more sacred right of citizenship than the right to pursue unmolested a lawful employment in a lawful manner."

A presidential commission appointed by Theodore Roosevelt years ago declared:

"The right to remain at work where others have ceased to work or to engage anew in work which others have abandoned, is part of the personal liberty of a citizen that can never be surrendered, and every infringement thereof merits and should receive the stern denouncement of the law. . . . The assertion of the right seems trite and commonplace, but that land is blessed where the maxims of liberty are commonplace."

Today I know of no right that is being so thoroughly circumscribed by statutory enactment, by extra-legal methods employed under the cloak of law, and by executive flat, than the right to work.

Yet the maintenance of that right, in my opinion, is a sine qua non of our free American institutions. Any restriction of that right, which finds its culmination in the closed shop, is impossible to fit into a democratic order. Its maintenance created a state within a state and, as Woodrow Wilson said, "The business of government is to see that no other organization is as strong as itself; to see that no body or group of men, no matter what their private business is, may come into competition with the authority of society." So advocacy of the closed shop— regardless of the weight of the arguments that may be advanced in its favor—simply hastens the day when organized labor in America will find itself dominated by government. The American public will not tolerate indefinitely the arbitrary exercise of economic power by labor leadership backed with a closed shop —some exhibitions of which we have seen recently — any more than it has been willing to tolerate arbitrary power in the hands of management.

The processes of democracy are hard to establish and maintain in any field of human effort. They can only be preserved in the political sphere if the citizen is free to express his satisfaction or displeasure through the exercise of freedom of speech, freedom of petition, freedom of assembly and the secret ballot. How can the worker maintain his freedom if similar privileges are denied him through any form of union organization? Theoretically such rights may still exist under the closed shop; practically they do not, because, as the authors of the Federalist Papers said: "Power over a man's support, is power over his will." The actions of manegement are not only under legal control, but are regulated every day by the reactions of employees, customers and stockholders. The employee may refuse to work; the customer may refuse to buy the product: the stockholder may sell his stock. In a free society it cannot be otherwise. Similarly, if the labor union is to be a truly great instrumentality for the preservation of human freedom, it must be equally willing to subject itself to appropriate checks and balance. None of the coercive or undemocratic racketeering aspects of trade unionism can long exist if members can resign when they see fit, and management is free to employ any qualified individual, regardless of whether he is a union member or not.

Lord Moulton, the great English lawyer, asserted that there are three areas of human conduct: At one pole, the area of complete freedom—to eat spinach or to fall in love with whomever we please; and at the opposite pole, the area of legal control—laws against thievery, murder, etc. The segment in between he termed the area of good manners. Obviously, the more that labor and management can broaden this in-between area by voluntary adherence to high standards of conduct in which the public interest is placed above all group interests, the less will be the area of governmental intervention. Representative democracy is that kind of government in which self-restraint is substituted for external restraint. So if labor and management really want the spiritual, intellectual and political blessings that our democracy brings, we will conduct ourselves accordingly. I tremble to think what will happen to our whole system of government in the post-war years if we in labor and management cannot find a satisfactory solution of all our problems by mutual understanding and peaceable negotiation. If we call in government to settle our difficulties, we shall rear a Frankenstein monster that will ultimately devour all the liberties that we hold so dear. We both know what happened to labor and management in Italy, Germany and Russia long before the present war broke out. With the destruction of the freedom of labor and the freedom of management in those countries, also went the destruction of all civil, relig-

So in the last analysis, Government's place in post-war labor-management relations will be just about what we jointly choose to make it. If management will universally and voluntarily do its utmost to make collective bargaining work successfully; if it will universally and voluntarily refrain from any semblance of unfair practices such as labor union baiting in any form, or discrimination against any man who wants to join a union; if labor will voluntarily relinquish its efforts for the closed shop or any form of coerced union membership; if the labor union will regard itself as an integral part of the business enterprise in which it operates and give voluntary support to management in the intelligent handling of wage rates and the maintenance of production efficiency—by such voluntary procedure, and only by such voluntary procedure, can America remain the land of the free, in which our children and children's children can continue to enjoy the blessings of liberty long after we are gone.

The problems we are discussing tonight are so urgent that I venture to suggest that labor and management might well join now in setting up a small committee of the most eminent and public-spirited citizens that this country possesses—men of the caliber of Mr. Charles Evans Hughes, Mr Bernard Baruch, Dr. Charles A Beard, Dr. Robert C. Sproul of the University of California—to work out, in consultation with representatives of labor and management, a program of concrete recommendations for submission to Congress at the earliest possible moment. The voluntary exercise of social stewardship is literally the keystone of freedom. So if we are really sincere in our desire to preserve our free institutions, why can we not act as intelligent, free men and go to our elected representatives with a constructive program of our own?

The great English economist Sir Josiah Stamp, who lost his life in a German air raid on London, said in one of his last books: "I firmly believe that only by a general raising of human sentiment to deepen spiritual quality and to carry it over a wider field, can the factor of human motives and mutual trust be sufficiently changed to have an economic result."

So whatever betides, let us all be patient and forbearing and courageous; let us all—labor and management alike — do what we can to quench the fires of class hatred; let us all try to generate hope and faith and respect for all sorts and conditions of men. For the crucial problems of labor-management relations in the Republic—if solved in a fashion to preserve freedom—can be solved only through real cooperation carried forward in a genuine spirit of self-restraint and mutual understanding. Here all patriotic citizens of fine sensibilities and keen imagination — regardless of their station in life—find a challenging opportunity to leave the United States of America a little better because they, too, have passed through it.

Urges Federal Aid Now

(Continued from first page)

permit what the government's plans are for releasing materials, equipment and manpower so that it can be in the "blueprinting" stage of reconversions plans.

Government needs first of all to clarify its policies in the settlement of terminated war contracts. It should let the automobile industry know as soon as possible approximately when it will be given an opportunity to prepare its tools and materials for reconversion, and approximately when it will be permitted to divert its trained personnel for the development of post-war lines. Auto manufacturers need also to be given a clear picture of government plans for disposing of U. S.-owned plants and equipment.

I believe the industry should be permitted to start plans and preparations now to build a limited number of new automobiles on the day the war in Europe ends, rather than delay this preparation for conversion until Japan is defeated. Such a move need not imply any let-up in necessary war production; it is a logical first step in the post-war planning required to return auto plants to peacetime operation without creating mass unemployment. It also is an essential move in helping the nation avoid a wartime transportation crisis which, according to Brookings Institution, will become apparent when our motor vehicle total drops below the 20,000,000 mark. There are now slightly less than 25,000,000 cars on the road, and these we are told are being retired at the rate of 13,000 per day.

If we leave the job of conversion until the last shot is fired in this global conflict, we are certain to create a sudden economic dislocation as well as a serious breakdown in our civilian transportation. Many persons are predicting a period of mass unemployment directly following the termination of the war, but in my judgment we need not accept this condition; we can take decisive steps now to cushion the nation's change-over from a war- to peace-time economy.

Manufacturers, however, can't take these steps until the uncertainties of renegotiation, termination settlements and government plans for disposal of unneeded war supplies are clarified. These are the barriers to any post-war planning no matter how bold or resourceful the individual company may be.

The many new techniques acquired by the industry as a result of its gigantic war assignment will result in better cars for the public when peace comes. The goodwill created by American weapons in every corner of the globe will go far in helping build a larger export demand in established markets and a new and important demand in more remote areas which were previously touched only slightly by our motor vehicles.

Our industry is fully aware of the challenging aspects of the post-war period, but it is confident that it will grow and thrive in service to all mankind when peace comes.

Billett Elected Director

L. Raymond Billett, partner of the Chicago investment firm of Kebbon, McCormick & Co., has been elected to the Board of Directors of Chicago and Southern Air Lines, Inc., according to an announcement made by Carleton Putnam, President.

Kebbon, McCormick & Co., was a principal underwriter of a new issue of voting trust certificates for 60,000 shares of common stock of Chicago and Southern Air Lines, Inc., which was offered publicly early in November of last year.

Right Is Might!

(Continued from page 395)

Governors of the New York Security Dealers Association have adopted the following resolution:

RESOLUTION

"At a meeting of the Board of Governors of the New York Security Dealers Association, held at the office of the Association on Jan. 26, 1944, the following resolution was adopted:

"WHEREAS, the National Association of Securities Dealers, Inc., is an Association formed pursuant to Section 15-A of the Securities Exchange Act of 1934, as amended, and

"WHEREAS, the Securities and Exchange Commission, under the Act has the power of review over rules and regulations of Associations formed thereunder, and

"WHEREAS, the National Association of Securities Dealers, Inc., in its letter of Oct. 25, 1943, supplemented by its letter of Jan. 18, 1944, in regard to 5% limitation on mark-ups, etc., has the practical effect of a 'rule,' and

"WHEREAS, this 'rule' was promulgated by the Governors of the National Association of Securities Dealers, Inc., without submission to the membership of the Association for approval as provided in Article IV, Section 2, of its by-laws, and

"WHEREAS, on a matter as vital to the continued existence of the over-the-counter industry as the 5% limitation 'rule' the wishes of the membership should have been canvassed before the enactment of the 'rule.' Now, therefore, be it

"RESOLVED, that the New York Security Dealers Association requests the Securities and Exchange Commission to direct the National Association of Securities Dealers, Inc., to submit said 'rule' to its membership as required in Article IV, Section 2, of its by-laws, and be it further

"RESOLVED, that if the Securities and Exchange Commission does not consider that the foregoing is sufficient basis for issuing the directive asked for, then let it grant to the representatives of the New York Security Dealers Association an opportunity for a hearing to present its point of view."

A copy of the resolution was mailed to every member, together with the following letter:

Jan. 26, 1944.

To Members:

Notice No. 119-L.

Enclosed herewith is a copy of resolution adopted by the Board of Governors of the New York Security Dealers Association at its meeting held today, regarding the above matter, and which is self-explanatory.

Please indicate on the ballot below your approval or disapproval of this action of your Board.

This ballot does not require your signature. Please return it in the enclosed stamped envelope after you have reached a decision on the matter.

If the majority of the members approve, the resolution will be forwarded to the Securities and Exchange Commission for its consideration.

PHILIP L. CARRET, Secretary.

I APPROVE THE ABOVE MATTER______________________________

I DISAPPROVE THE ABOVE MATTER___________________________

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1 The Board consists of twenty members, seven of the old Board having been just succeeded by seven new ones, five of whom were present at the meeting at Hot Springs, Va., on Jan. 17-18.

2 The Maloney Act really did nothing more nor less than resuscitate the NRA Code Authority in the investment field.

3 Mr. Riter has been succeeded as Chairman of the Board of the Association by Ralph Chapman of the New York Stock Exchange firm of Farwell, Chapman & Co. of Chicago.

4 Article VII, Section 1 reads: "To promote and enforce just and equitable principles of trade and business, to maintain high standards of commercial honor and integrity among members of the Corporation, to collaborate with governmental and other agencies in the promotion of fair practices and the elimination of fraud, and in general to carry out the purposes of the Corporation and of Section 15A of the Act, the Board of Governors is hereby authorized to adopt for submission to the members of the Corporation such rules of fair practice and such amendments thereto as it may, from time to time, deem necessary or appropriate. The Board of Governors, upon the adoption of any such rules of fair practice or amendments thereto, shall forthwith cause copies thereof to be sent to each member of the Corporation to be voted upon. If any such rules of fair practice or amendments thereto are approved by a majority of the members voting, provided, however, that a majority of all members of the Corporation have voted, within thirty days after the date of submission to the membership, and are not disapproved by the Commission as provided in Section 15A of the Act, they shall become effective rules of fair practice of the Corporation as at such date as the Board of Governors may prescribe." [Article IV, Section 2 of the Association's by-laws carries a similar import.]

5 Maloney Act stipulates "that an association shall not be registered as a national securities association unless it appears to the Commission that"—(Section 15A (b) "(5) The rules of the association assure a fair representation of its members in the adoption of any rule of the association or amendment thereto, the selection of its officers and directors, and in all other phases of the administration of its affairs."

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS. — **John S. Fielding** is with **C. J. Devine & Co.,** 75 Federal Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Elizabeth K. Smith** has joined the staff of **J. Arthur Warner & Company,** 89 Devonshire Street.

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—**John W. Huffaker** is with **R. S. Dickson & Company,** Wilder Building.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Earle J. Wodward** has become associated with the **Ranson-Davidson Company, Inc.,** 135 South La Salle Street. Mr. Woodward formerly was with Ballman & Main and Hoyne, Mellinger & Company.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Richard G. Cashman** is now connected with **Buckley Brothers,** 530 West Sixth Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Gordon E. Buckhout,** previously with H. R. Baker & Co., is now affiliated with **Samuel B. Franklin & Co.,** 215 West Seventh Street.

(Special to The Financial Chronicle)

OAKLAND, CALIF.—**Gertrude M. Buckwalter** has been added to the staff of **H. R. Baker & Co.,** Central Bank Building.

(Special to The Financial Chronicle)

PALO ALTO, CALIF.—**Walter E. Powell** has become associated with **Needham & Co.,** 561 Ramona Street. Mr. Powell was formerly with Geo. H. Grant & Co.

(Special to The Financial Chronicle)

PASADENA, CALIF. — **Loren W. Lynn** is now with **Quincy Cass Associates,** First Trust Building.

(Special to The Financial Chronicle)

PORTLAND, MAINE — **Ralph W. E. Giles** has joined the staff of **Timberlake & Co.,** 191 Middle Street. Mr. Giles was previously with R. H. Johnson & Co. and Bowers and Co.

(Special to The Financial Chronicle)

PORTLAND, OREG. — **John R. Epping** has become connected witht **Conrad, Bruce & Co.,** 316 S. W. Sixth Avenue.

(Special to The Financial Chronicle)

PORTLAND, OREG.—**James B. Murray** has become associated witht **Daugherty, Cole & Co.,** U. S. National Bank Building. Mr. Murray in the past was with Russell, Hoppe, Stewart & Balfour.

(Special to The Financial Chronicle)

PORTLAND, OREG. — **Edwin M. Badgley** has become affiliated with **Foster & Marshall,** Porter Building. Mr. Badgley was formerly with Daugherty, Cole & Co. and Conrad, Bruce & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Perry O. Cole** has been added to the staff of **H. R. Baker & Co.,** Russ Building.

OUR REPORTER'S REPORT

The influence of the Treasury's current Fourth War Loan Drive is a definite force in the seasoned bond market. But, its effect is quite clearly limited to investment type classifications of the highest grade. In that section of the list occasional blocks are turning over but there is ample evidence that institutional buyers, who are normally active in giltedge obligations, are pretty well out of the corporate field at the moment.

While high-grades consequently are rather dull the same does not hold true in the case of the more speculative descriptions. Quite to the contrary, activity in that quarter of the market, if anything, has tended to expand.

Such increased activity centers chiefly in the speculative railroad list where the news recently has been of a character to stimulate interest. The Government's action in turning the roads back to private ownership without delay, once the threat of strike had been removed, appears to have acted as a stimulus to speculators' appetite.

Since by far the bulk of public utility and industrial company bonds fall pretty definitely into the category of high-grades the railroad list is the chief source of activity at the moment.

And, it might be noted in passing, the obligations of the reorganization rails are contributing in no small way to the turnover in that part of the market.

Arbitrageurs Are Active

Traders are finding ample room for arbitraging these days in the old and prospective securities of the reorganization railroads.

"Spreads" or "straddles" of this nature are especially noted in the old and new securities of such roads as the Rock Island and the "Soo" Lines.

Traders who make a practice of working out these transactions find, for example, that there is an evident spread of some 20% indicated between the Rock Island's refunding 4s and the prospective worth of the new securities which the holder would acquire under the plan of capital adjustment.

So they proceed to buy or sell the refunding 4s and complete the other half of the arbitrage in the new securities through the over-the-counter market, figuring that as the time for actual exchange approaches the "spread" will gradually close.

Improving Their Credit

Meanwhile the railroads are making good use of their war prosperity in the direction of achieving real improvement in their credit standing.

Frequently of late various carriers have given a recapitulation of their debt retirement operations during the past year and the figures have been impressive in many instances.

Baltimore & Ohio, R. B. White, President, told stockholders, the road's debt had been cut by $72,339,450 in the year, $56,654,050 through sinking fund operations and the balance by open market purchases.

Southern Railway Co. retired $28,000,000 of its debt other than equipment trust loans. Delaware & Hudson acquired $2,724,900 of its first and refunding 4s of 1963 while Chesapeake & Ohio in the closing seven months of 1943 took up $6,044,000 of its equipment notes.

Big Refinancing Delayed

This week's ruling by the Public Service Commission of the State of New York blocking the proposal of the Niagara Hudson Power Corp. for a merger of its several operating units into a single system was viewed in underwriting circles as certain to delay the huge refinancing plan which is involved.

The program, if it unfolded as had been expected, would have entailed one of the largest, if not the largest pieces of new financing to go through the market this year.

Had the merger been permitted to go through, it was indicated that the company proposed to undertake, with a minimum of delay, complete refinancing of its outstanding debt aggregating some $230,000,000.

Need for extensive revision of the merger proposal may, it is argued, through the matter of refinancing on a lower cost basis set it back for a year or more.

Groups Form For Issue

At least three banking groups are known to have been formed to seek the new securities projected by Virginia Electric & Power Co. in consequence of its proposed merger with Virginia Public Service Co.

The new issue is expected to take the form of $24,500,000 of 3½% first mortgage and refunding bonds and a $5,000,000 bank loan.

This financing quite likely will be among the early undertakings once February 18 and the close of the Treasury Drive rolls around.

Trust Indenture Form Amended By SEC

The Securities and Exchange Commission announced on Jan. 17 an amendment to Form T-1 which eliminates from various items of that form certain references to affiliates of the trustee. Form T-1 is the form for statements of eligibility and qualification of corporations designated to act as trustees under indentures to be qualified under the Trust Indenture Act of 1939.

The Commission's announcement further explained:

The present revision of the form gives effect to the general principal enunciated in the published opinion of the former General Counsel of the Commission, contained in Trust Indenture Act Release No. 16. That opinion is to the effect that the term "obligor" as used in Section 310 (b) of the Act does not ordinarily include persons affiliated with the obligor and there is therefore no prohibition against trusteeship under indentures of both the obligor and an affiliate. This conclusion is based primarily upon the definition of "obligor" in Section 303 (12) of the Act and upon the exclusive terms of Section 310 (b). For similar reasons the term "trustee" does not include affiliates of the trustee and consequently, the form has been simplified by eliminating the requirements for furnishing information as to these affiliates.

The Commission also announced that it has amended Rule T-7-A-27, which contains certain formal requirements as to the title of securities in a form filed under the Act, to permit the rate of interest to be omitted from the title of indenture securities in Form T-1 and Form T-2 where the rate of interest is not determined when these forms are filed. This change in the rule will eliminate the necessity for post-effective amendments to these forms to supply this information in connection with registration under the Securities Act of 1933, primarily in cases involving competitive bidding where the rate of interest is not usually determined at the original filing date.

Chicago S. E. Seat Transfer

A membership in the Chicago Stock Exchange was posted for transfer on Jan. 21 to Jules M. Parmentier of Green Bay, Wis., President of Citizens Securities Co.

Calendar Of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

THURSDAY, JAN. 27

NETHERLANDS HOTEL CORP. AND ARTHUR FELS BOND & MORTGAGE CO.

Netherlands Hotel Corp. and Arthur Fels Bond & Mortgage Co. have registered $564,000 10-year income bonds, bearing interest at the rate of not exceeding 3% per annum.

Address—15 West Tenth Street, Kansas City, Mo.

Business—Apartment building.

Underwriting — Arthur Fels Bond & Mortgage Co., Kansas City, Mo., is named agent to make exchange.

Offering—As soon as possible after effective date of registration statement.

Purpose—For exchange of new bonds for the $564,000 face amount of the present bonds outstanding.

Registration Statement No. 2-5288. Form S-1. (1-8-44.)

THURSDAY, FEB. 3

CENTRAL OHIO LIGHT & POWER CO.

Central Ohio Light & Power Co. has filed a registration statement for $4,300,000 first mortgage bonds, series A, 3½%, dated Feb. 1, 1944, due Feb. 1, 1974.

Address—120 North Main Street, Findlay, O.

Business—Public utility operating exclusively in Ohio.

Underwriting—To be supplied by post-effective amendment.

Offering—Price to the public will be supplied by post-effective amendment. Company proposes to ask for bids under the competitive bidding requirements of the Commission's Rule U-50.

Proceeds—Proceeds from sale of the bonds, together with other funds of the company, will be applied to the redemption of $3,981,000 principal amount of first mortgage bonds, 4%, series C, due Aug. 1, 1964, at 106¾%, which will require $4,249,717, and of $394,000 face amount of first mortgage bonds, 3½%, series D, due March 1, 1966, at 103¼%, which will require $406,805, the two redemptions aggregating $4,656,522 exclusive of accrued interest and expenses.

Registration Statement No. 2-5289. Form S-1. (1-15-44.)

WEDNESDAY, FEB. 9

NORTHERN STATES POWER CO. (MINNESOTA)

Northern States Power Co. (Minnesota) has filed a registration statement for $5,000,000 first mortgage bonds, series due Feb. 1, 1974.

Address—15 South Fifth Street, Minneapolis, Minn.

Business—Operating public utility company and is also a registered public utility holding company.

Underwriting—To be filed by post-effective amendment.

Offering—Price to the public to be filed by amendment. Company proposes to offer the bonds for sale pursuant to the competitive bidding requirements of Commission's Rule U-50. Company also proposes to issue and sell to banks $4,000,000 face amount of its serial notes.

Proceeds—Will be used to pay the $4,999,000 face amount of St. Paul Gas Light Co. general mortgage gold bonds, 5% assumed by Northern States which mature on March 1, 1944, and the $4,000,000 face amount of promissory notes of the company dated June 14, 1943, which mature on Feb. 28, 1944.

Registration Statement No. 2-5290. Form A-2. (1-21-44.)

THE SOUTH COAST CORPORATION

The South Coast Corporation has filed a registration statement for $1,500,000 first mortgage 5% bonds due Dec. 31, 1955.

Address—Carondelet Building, New Orleans, La.

Business—Consists primarily of the cultivation of sugar cane and the manufacture and sale of products and by-products resulting from the processing of sugar cane, including raw and refined sugars, syrups, black strap molasses and bagasse.

Underwriting—To be named by amendment.

Offering—To be named by amendment.

Proceeds—Will be applied to the redemption, at the principal amount thereof plus annual interest, of the $998,405 in principal amount of general mortgage 15-year 6% income bonds, due Sept. 1, 1950, and balance added to working capital and may be applied to the reduction of current bank loans and the purchase of supplies and raw materials.

Registration Statement No. 2-5291. Form S-1. (1-21-43.)

THURSDAY, FEB. 10

DANIEL P. ABERCROMBIE ET AL

Daniel P. Abercrombie, Philip C. Gifford and Charles W. Greenough, voting trustees, have filed a registration statement for voting trust certificates for 40,000 shares of common stock, par $5 per share, of Wolverine Power Corp.

Address — Of corporation, Bay City, Mich.

Business—Generation of electricity.

Underwriting—None.

Offering—Immediately following the effective date of the registration statement.

Purpose—To form a voting trust for five years from Jan. 20, 1944, with the right in a majority of the trustees and holders of voting trust certificates representing a majority of the securities to extend the termination to a date not later than March 1, 1959, the maturity date of the outstanding first mortgage bonds of the corporation.

Registration Statement No. 2-5292. Form F-1. (1-22-44.)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN REALTY CO.

American Realty Co. has filed a registration statement relating to the offering for the extension of first mortgage serial notes of Housam Realty Co., secured by a first mortgage deed of trust on the Ranelagh Apartments, 5707 McPherson Avenue, St. Louis, Mo., in the aggregate principal amount of $240,750.

Address—5707 McPherson Avenue, St. Louis, Mo.

Business—Apartment building. American Realty Co. was incorporated July 21, 1943, to acquire and own the equity in the Ranelagh Apartments subject to the first mortgage deed of trust, securing the outstanding and unpaid mortgage serial notes of the par value of $267,000 which, by the plan of reorganization, are to be reduced by 10% to $240,750 of par value, and on outstanding second deed of trust on which there is an unpaid balance of $40,500.

Underwriting—None.

Offering—Purpose of present offering to the noteholders is to reduce the principal amount of all the notes outstanding by 10%, leaving, after such reduction of principal, an aggregate first mortgage indebtedness of $240,750.

Registration Statement No. 2-5282. Form S-1. (12-30-43.)

Amendment filed Jan. 14, 1944, to defer effective date.

BEN-HUR PRODUCTS, INC.

Ben-Hur Products, Inc., has filed a registration statement for $300,000 5% convertible debentures, series of 1943, due Feb. 1, 1951, and 11,400 prior preferred shares, for the purposes of such conversion.

Address—800-812 Traction Avenue, Los Angeles, Cal.

Business—Engaged in business of processing and marketing at wholesale of coffee, tea, extracts, prepared mustard and spices.

Underwriting—Pacific Company of California, and Wyeth & Co., both of Los Angeles, are named underwriters, each having agreed to purchase $150,000 of the debentures at 92½%, or a total amount of $277,500.

Offering—Price to publc, 100.

Proceeds—To retire bank loans and working capital.

Registration Statement No. 2-5273. Form S-1. (12-20-43.) Statement originally filed in San Francisco.

Amendment filed Jan. 7, 1944, to defer effective date.

BONWIT TELLER, INC.

Bonwit Teller, Inc., has filed a registration statement for 35,565 shares of 5½% cumulative convertible preferred stock, $50 par value, and 108,913 shares of common stock, par $1 per share. The latter includes 88,913 shares of common reserved for issuance upon the conversion of the 5½% cumulative convertible preferred stock registered, at the present rate of conversion, which may vary from time to time in the event of certain contingencies. The shares are issued and outstanding and the offering does not represent new financing by the company.

Address—721 Fifth Avenue, New York City.

Business—Owns and operates one of the outstanding large specialty stores in the United States.

Underwriting—Allen & Co., New York City, is named principal underwriter for both the preferred and common stock.

Offering—The offering price to the public of both the preferred and common stock will be supplied by amendment. The prospectus offers the 35,565 shares of 5½% preferred and 20,000 shares of common stock. The shares are presently issued and outstanding and are being purchased by the underwriters from Atlas Corporation and its subsidiary Rotary Electric Steel Co. Atlas Corporation, directly and indirectly, has been the controlling stockholder of the company since its organization.

Proceeds—Proceeds will go to the selling stockholders.

Registration Statement No. 2-5245. Form A-2. (10-29-43).

Amendment to defer effective date filed Jan. 17, 1944.

BUTTES OILFIELDS, INC.

Buttes Oilfields, Inc., has filed a registration statement for 306,305 shares of class A common stock, par $1 per share.

Address—912 Syndicate Building, 1440 Broadway, Oakland, Cal.

Business—Organized to drill and develop certain properties held under a community oil, gas and mineral lease.

Underwriting—None named.

Offering—The company plans to reorganize its capital structure and put it virtually, if not wholly, on a common stock basis. The exchange features of the offering are limited to holders of the corporation's outstanding 6% preferred stock and to holders of its 8% unsecured notes. The offering for cash is limited to stockholders of record as of July 15, 1943. If fully subscribed, cash proceeds from the issue will be $150,000.

Proceeds—Cash proceeds will be disbursed as follows: liquidation of general indebtedness, $40,000; operating capital, $5,000; general cash reserve, $60,000; reserve for property acquisitions, etc., $45,000. Price per unit for securities to be offered for cash is $1.60, with no underwriting discounts and commissions.

Registration Statement No. 2-5268. Form S-1. (12-7-43.) Statement originally filed in San Francisco.

Amendment filed Jan. 12, 1944, to defer effective date.

CENTRAL ILLINOIS ELECTRIC & GAS CO.

Central Illinois Electric & Gas Co. has filed a registration statement for 400,000 shares of common stock, par value $15 per share. The stock is already issued and outstanding and does not represent new financing.

Address—303 North Main Street, Rockford, Ill.

Business—Operating public utility.

Underwriting—To be applied by amendment.

Offering—Consolidated Electric & Gas Co. is the beneficial owner of all of the outstanding common stock of Central Illinois. Consolidated is, in turn, controlled by Central Public Utility Corp., a registered holding company. The stock registered is being disposed of by Consolidated in compliance with the provisions of Section 11 (b) (1) of the Public Utility Holding Company Act. No portion of the proceeds of the sale of the common stock registered will be received by Central Illinois. Consolidated Electric has petitioned the Commission for an exemption from the competitive bidding requirements of the Commission's Rule U-50 in order that it can sell the stock at negotiated sale to Central Republic Co., an investment firm of Chicago, which firm subsequently would make a public offering.

Proceeds—Consolidated plans to use the proceeds to retire Federated Utilities, Inc., 5½% bonds, and to apply the balance to the purchase in the open market of Consolidated's own bonds.

Registration Statement No. 2-5272. Form S-2. (12-20-43.)

Amendment filed Jan. 7, 1944, to defer effective date.

CERTAIN-TEED PRODUCTS CORPORATION

Certain-teed Products Corporation has filed a registration statement for $6,737,300 4% cumulative income debentures (subordinated) to be due Oct. 31, 1973; 134,746 shares of common stock, $1 par value, and certificates of deposit for 67,373 shares of 6% cumulative prior preference stock.

Address—120 South LaSalle Street, Chicago, Ill.

Business—Business consists generally of manufacturing and selling asphalt roofing, shingles and related products, wallboard and gypsum products, boxboard and various other products.

Underwriting—Paul H. Davis & Co., Chicago, is named principal underwriter. or dealer manager and company will pay to selected dealers a commission for the deposit of shares of preference stock pursuant to an offer of exchange.

Offering—The company offers to the holders of the outstanding 67,373 shares of its 6% cumulative prior preference stock the right to exchange such shares for the new income debentures and shares of common stock on the basis of $100 principal amount of income debentures and two shares of common stock for each share of 6% cumulative prior preference stock. The registration statement states that the company proposes, under certain conditions, to issue to the holders of the 625,340 shares of common stock presently outstanding, common stock purchase warrants entitling the holders in the aggregate to purchase, at a price to be announced later, 208,446 additional shares of common, and to issue and sell such shares of common stock not taken up by the warrant holders. The company also proposes, under certain conditions, to issue and sell $5,500,000 principal amount of new serior debentures and to apply the proceeds of the sale of the new senior debentures, together with other funds, to the redemption of the outstanding debentures. There are $7,100,000 face amount of 20-year 5½% sinking fund gold debentures, Series A, due March 1, 1948, now outstanding. The interest rate of the new senior debentures has not been finally determined, but will not exceed 4½% per annum. The income debentures will be subordinated to the new serior debentures and to other indebtedness of the company. The company reserves the right to revoke the offer of exchange unless within a certain date holders of not less than 57,250 shares of the preference stock accept the offer. The proposal to issue common stock purchase warrants to present common stockholders and the procurement of a commitment for the purchase of any common stock not subscribed for by common stockholders and the issue and sale of the new senior debentures is contingent upon the exchange offer being declared effective by the company.

Proceeds—The proceeds to the company of the income debentures and shares of common stock offered will consist of shares of the preference stock exchanged and all such shares of preference stock will be retired and the capital of the company will be reduced by the sum of $100 for each share retired. For each share of common issued pursuant to offer, the sum of $1 will be deducted from capital surplus account and credited to capital account represented by such share.

Registration Statement No. 2-5241. Form S-1. (10-27-43).

Amendment filed Jan. 18, 1944, to defer effective date.

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., has filed a registration statement for $100,000 4% registered debenture bonds authorized issue of 1943.

Address—44 West 143rd Street, New York City.

Business—Wholesale dealer in groceries and allied products, including, among other related activities, warehousing and packaging.

Underwriting—None.

Offering—The price of the bonds is $25 for each $25 principal amount thereof. The securities are being sold by the cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman. No commission is being paid to anyone in conjunction with such sale.

Proceeds—Proceeds are to be used to finance the purchase of the new warehouse and office building purchased in July, 1943, in New York, the purchase price of which was $50,000 cash on taking title and $12,000 in the form of a purchase money mortgage payable in installments over a period of seven years.

Registration Statement No. 2-5283. Form S-1. (12-31-43.)

Amendment filed Jan. 14, 1944, to defer effective date.

FOOD FAIR STORES, INC.

Food Fair Stores, Inc., filed a registration statement for $3,500,000 15-year 3½% sinking fund debentures, due Feb. 1, 1959.

Address—2223 East Allegheny Avenue, Philadelphia, Pa.

Business—Operates supermarkets engaged in the retail sale of groceries, meats, meat products, vegetables, etc.

Underwriting—Eastman, Dillon & Co., New York, head the underwriting group, with names of others to be supplied by amendment.

Offering—Price to the public to be supplied by amendment.

Proceeds — To the payment of outstanding bank notes of $3,150,000, with prepayment premium and accrued interest, and to increase working capital.

Registration Statement No. 2-5280. Form S-1. (12-24-43.)

Amendment filed Jan. 10, 1944, to defer effective date.

(This list is incomplete this week)

Bonniwell Appointed To Puerto Rico Post; Olsen Heads Kneeland Municipal Dept.

Announcement is made that D. R. Bonniwell of Chicago has been appointed finance director of Banco de Fomento de Puerto Rico and is now in San Juan where he will establish residence. Prior to his appointment to this Insular Government Agency, Mr. Bonniwell managed the municipal department of the Chicago investment firm of Kneeland & Co. His entire business career has been devoted to tax exempt and corporate financing.

Coincident with Mr. Bonniwell's appointment, Kneeland & Co., 141 West Jackson Boulevard, Chicago, announced that Wilbert O. Olsen will now serve as manager of their municipal department. Mr. Olsen is widely known in municipal circles in Chicago and New York, having dealt in tax-exempt securities for many years.

Kneeland & Co. was a principal underwriter in the recent public offering of $20,000,000 of Puerto Rico Water Resources Authority Electric Revenue Bonds for which a nation-wide banking syndicate was formed headed by The First Boston Corporation.

Rutherfurd Elected

John Rutherfurd has been elected chairman of the Trustees of the Gratuity Fund of the New York Stock Exchange.

New York Group Of IBA Appoints Committees

F. Kenneth Stephenson, of Goldman, Sachs & Co., Chairman of the Executive Committee of the New York Group of the Investment Bankers Association of America, Jan. 25 announced the members of six committees appointed to serve for 1944. The announcement came after a luncheon meeting held at the City Midday Club, 25 Broad Street.

The committees and their memberships follow:

Executive Committee

Mr. Stephenson; Frank A. Willard, Reynolds & Co., Vice-Chairman; Hearn W. Streat, Blair & Co., Inc., Secretary-Treasurer; Jean A. Wood, Hornblower & Weeks, Assistant Secretary; W. Manning Barr, Barr Brothers & Co., Inc.; F. Edward Bosson, Putnam & Co., Hartford; Henry H. Egly, Dillon, Read & Co.; Lloyd S. Gilmour, Eastman, Dillon & Co.; Clifford Hemphill, Hemphill, Noyes & Co.; John C. Maxwell, Tucker, Anthony & Co.; Stuart R. Reed, Paine, Webber, Jackson & Curtis; Henry G. Riter, 3rd, Riter & Co.; and Frank M. Stanton, The First Boston Corporation.

Education Committee

T. Jerrold Bryce, Clark, Dodge & Co., Chairman; Frank A. Willard, Reynolds & Co., Vice-Chairman; Harry W. Beebe, Harriman Ripley & Co., Inc.; Henry Herrman, Henry Herrman & Co.; Laurence M. Marks, Laurence M. Marks & Co.; William H. Morton, The Chase National Bank; Julius A. Rippel, Julius A. Rippel, Inc., Newark; Wickliffe Shreve, Lehman Brothers; and Howard R. Wilkes, First Boston Corporation.

Legislation Committee

Frederick L. Moore, Kidder, Peabody & Co., Chairman; Chester M. Clark, Stone & Webster and Blodget, Inc.; Robert V. Horton, Goldman, Sachs & Co.; Delmont K. Pfeffer, The National City Bank; William H. Putnam, Putnam & Co., Hartford; and David Van Alstyne, Jr., Van Alstyne, Noel & Co.

Meetings and Entertainment Committee

Richard de la Chappelle, Shields & Company, Chairman; T. Jerrold Bryce, Clark, Dodge & Co.; Joseph A. Iglehart, W. E. Hutton & Co.; and Stuart R. Reed, Paine, Webber, Jackson & Curtis.

Membership Committee

Frank M. Stanton, The First Boston Corporation, Chairman; Walter F. Blaine, Goldman, Sachs & Co.; George K. Coggeshall, Holsapple & Co.; Frank E. Gernon, Carl M. Loeb, Rhoades & Co.; and James D. Topping, Braun, Bosworth & Co.

Municipal Committee

George J. Gillies, Blair & Co., Inc., Chairman; Edward A. Crone, Laurence M. Marks & Co.; Gordon B. Duval, Guaranty Trust Company of New York; W. Neal Fulkerson, Jr., Bankers Trust Co.; Archie M. Richards, Estabrook & Co.; Reginald M. Schmidt, Blyth & Co., Inc.; and Gethryn C. Stevenson, Bacon, Stevenson & Co.

Interesting Situation

Steady and substantial growth in earnings of the "Utility Group" have increased the speculative attraction of both the Prior Lien and Plain Preferred stocks of New England Public Service Company according to a detailed circular on the situation prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national Exchanges. Copies of this interesting circular may be had from Ira Haupt & Co. upon request.

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"Our Reporter On Governments"

By CHARLES L. ZIMMER

Many, from bank presidents down to newsboys, are at bat to sell War Bonds in the $14,000,000,000 Fourth War Loan Drive. . . . The spirit of the campaign is at its best, so good that no volunteer is too proud to ring door bells to sell War Bonds. . . . You will be approached from all sides to buy bonds. . . . The emphasis during the drive is being placed on sales to individuals for which the goal is $5,500,000,000. . . . As the efforts being expended are terrific, there is little doubt that the quota will be attained. . . .

When you consider all the time, labor, advertising and printed matter that goes into selling each $25 and $1,000 bond, you wonder whether this form of selling really pays. . . .

According to one of the latest Treasury bulletins, it does pay because sales of Series E, F and G bonds from May 1, 1941, to December 31, 1943, have exceeded $25 billion. . . . Redemptions, inclusive of both cost and accrued interest, have been $1,763 million. . . . In other words, well over 92% of the bonds remain invested. This percentage is good in any language. . . .

Official confidence that the Fourth Loan will be oversubscribed is reflected by the efforts of Treasury and Federal Reserve officials to curtail "free riding." . . . This may well mean that the total results of the drive will not be as large as previously. . . . Nevertheless, an oversubscription of a couple of billion is currently anticipated. . . .

MARKET TONE

Such a result is logical even though the Government bond market during the last few weeks has continued quiet and somewhat sluggish. In the last week it has shown signs of a better tone. . . . The market action revolved around the Treasury 2s, 1953-51, and some of the longer partially tax-free issues. . . . When the mentioned 2s advanced about two weeks ago, many people figured that at last they had come to life. . . . But the rally was short-lived and the issue declined to around 100 6/32 bid from which it has more recently again advanced to 100 8/32. . . . One likely reason for the earlier reaction was that the buying power behind the market apparently realized that the rise in price was only drawing bonds from those who wished to sell in order to subscribe to the new offerings. . . . For example, there are some people who believe they are obligated to put up a front by subscribing to the new issues. . . . Although switching increases the total oversubscription, it is not helpful. . . .

Even at this late date the market for Treasury 2s of 1953-51 is not entirely free from the pressure of the joy riding of last October. . . . Nevertheless, that issue may soon become popular. . . . It should follow the line of 2s of 1951-49 and of 1952-50, which, as they become shorter, will all move into higher ground. . . . Over a period this group of 2s of 1951-49, 1952-50, 1953-51 should not only enjoy market appreciation but much more price stability than any other group on the list. . . . In defense of the 2s of 1953-51 currently purchased at a price of about 100 8/32, it can be said that within a short period of time, namely 46 days, the premium will be re-earned in accrued interest. . . .

The new issue of Treasury 2¼s of 1959-56 will be by far the most popular of the new offerings, and *ex* joy riding, the market should get off to a good start. . . . An early premium of a few thirty-seconds should increase on any market demand, and the bonds could work higher. . . .

Because commercial banks are limited in their holdings of the new 2¼s, as well as the new 2½s of 1970-65 and Series F and G, those banks which do not have a large amount of 2s might well direct available funds within the next few weeks into the 2s of 1953-51. . . .

2⅞s, 1960-55, BEST BET

Banks in the high Federal tax brackets should continue to hold longer partially tax-free issues, and they may find it desirable to add to their holdings. Because of run-offs in the next year or so, the scarcity of these bonds should become more apparent. . . . One of the best bets is the 2⅞s of 1960-55 which in 1945 can be classified within the 10-year group.

On Monday, the Treasury announced the details of an offering of 13-month notes to refund the $2,211,000,000 ⅞% certificates of indbetedness maturing Feb. 1, 1944. . . . The new notes will mature March 1, 1945, and will carry a rate of .90%. The exchange offer opened Monday for three days. . . .

At the same time the Treasury revealed it will pay in cash $114,000,000 U. S. Housing Authority 1⅜% notes due Feb. 1, 1944. . . .

In some quarters, it is cogently argued that "rights" are on the way back in respect to larger maturities and redemptions. . . . The Treasury 3¼s called for payment next April 15, and other sizable near-term issues, should offer some worthwhile possibilities. . . . You need not look for any of those famous three-point premiums, but opportunities may be presented to fill in scarce maturities. . . . In defense of rights, I believe that the Treasury can and will do a close job on pricing the new securities which may be offered in exchange. . . . If this is done, there will be no need for critics of such an exchange policy to worry about the market over-pricing rights values. . . . The roll-over of old issues by exchanges is less costly to the Treasury and much less disturbing to the money market than new cash offerings. . . . Banks like to purchase bonds at par, and in view of the considerable short-term debt held by these institutions, it seems likely that in the near future most large issues will be refunded as they become due or callable. . . .

The tightness prevalent in the money market should be somewhat relieved within the next few weeks. . . . Money in circulation, which reached its peak recently, could be in for a seasonal decline, at least until the March 15 tax date. . . . This would be accentuated by the fact that as individuals and non-banking institutions buy Governments, the commercial banks will lose deposits against which they must maintain reserves, at the same time receiving Government deposits (War Loan book credits) against which no reserves are required. . . .

POST-WAR INTEREST RATES

Generally speaking, post-war interest rates are expected to follow the current pattern in most respects. . . . Much of the uncertainty that prevailed late in 1943 has been laid to rest by the speech of Daniel W. Bell, Under Secretary of the Treasury, on Dec. 16, and to a greater degree by the President in his more recent Budget message, in which he said: "The primary achievement of our debt policy has been maintenance of low and stable rates of interest. . . . Average interest rates payable on the public debt now are less than 2%. . . . Interest received from all new issues is fully taxable. . . . As a result, the net cost per dollar borrowed since Pearl Harbor has been about a third the cost of borrowing in the first World War." . . .

Granting that post-war interest rates will remain stable, it is hoped that when, as, and if the war should suddenly end, Treasury officials in charge of open-market operations will lose no time taking steps to maintain an orderly market. . . . Such a policy should be arranged in advance. . . . If this is done, there will be no need for investors to worry about a rolling stone gathering down-hill momentum. . . . As you know, such happenings have occurred in the past. . . . If any uncertainty about rates is allowed to prevail even for a short time, months may be needed to repair the damage. . . . Therefore, if interest rates are to remain stable, let's not be placed in the position where we will look back and say, "Too little and too late." . . .

The large amounts of estimated expenditures set forth in the President's Budget Message are not disturbing, as the figures are overall, and if the war with Germany ends this year, Government disbursements may be lower than the official estimates. . . .

For a closing slogan let's say, Praise the Lord and pass along your subscription to the Fourth War Loan.

Attractive Utility

In the current issue of their "Preferred Stock Guide," G. A. Saxton & Co., Inc., 70 Pine Street, New York City, discuss the situation in the $6 cumulative first preferred stock of Mississippi Power & Light Co. which offers interesting possibilities, the firm believes. Copies of the "Guide" containing this discussion and current quotations on preferred and common public utility stocks may be had upon request from G. A. Saxton & Co.

Arbitrage Data On Chicago, Rock Island

Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting arbitrage circular on Chicago, Rock Island & Pacific Railway Co. Copies of this circular may be had upon request from Sutro Bros. & Co.

Now Major Kerner

Raymund J. Kerner, of the Philadelphia investment firm of Rambo, Keen, Close & Kerner, serving in the Army Air Corps Ground Forces somewhere in England, has been promoted to the rank of Major.

Attractive Prospects

P. H. Butler Co. common stock offers attractive post-war prospects, according to a circular issued by Hicks & Price, Continental Illinois Bank Bldg., Chicago, Ill. The company, which has a chain of super-markets, has a satisfactory tax base, a good cash position, no long-term leases, and a location in one of the most highly industrialized centers in the United States, the circular stated. Copies of this interesting study may be had from Hicks & Price upon request.

Slaughter Horne To Admit

Slaughter, Horne & Co., 66 Beaver St., New York City, members of the New York Stock Exchange, will admit Hazel Slaughter to limited partnership in the firm on Feb. 4.

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The Financial Situation

The President has submitted a new budget proposing the expenditure during the coming fiscal year of another $100,000,000,000, and at the same time forecasting a national debt of some $258,000,000,000 by June 30, 1945. Time was when such figures as these would have caused utter dismay in the minds of all men, but so accustomed have we become to figures larger than can be readily grasped that the rank and file appear to take them for granted. The President, indeed, appears almost to glory in them. The fact is, in any event, that there is no apparent way to avoid enormous expenditures during the time that this war continues in full swing. The significant feature of the Budget Message, and to us the most disturbing aspect of it, is therefore to be found not in the expenditures proposed for next year, or even the faulty tax ideas which the President would like to have given effect for that period, but in the meaning which these proposals of the President plainly have for the future years—long after this war is over.

Subtle Political Tactics

The President is proceeding not only to lay extended and, we think, wholly unsound, plans for the post-war period; he is not only laying them, but is making full use of his powers of persuasion in these two messages to give such plans a favorable standing in the minds of the public—not only all this but he is so skillfully (politically speaking) weaving his post-war ideas and his post-war plans and his post-war theories into the plans for winning the war that the country is likely to find it difficult to separate them—and hence to avoid commitments which seem to give Mr. Roosevelt a sort of claim to perpetuity in office, and to ease the country almost insensibly into a post-war era of the sort that the President envisages — almost without even realizing what is happening.

(Continued on page 422)

Unemployment Ahead?

Babson Says This Is Our Next Problem

The general public has been unprepared for the cancellations of war contracts. Exact figures are not known but these must total over ten billions to date. Most affected are companies handling subcontracts. Now faced with overnight cancellations many dislocations occur. Unless new orders of some kind, either for war or peace, are quickly obtained large numbers of workers will be let out. Prime contractors in many instances are now hard pressed to keep their own plants operating. They offer little encouragement to their subcontractors.

Roger W. Babson

Washington officials were perhaps wise in not tipping business off for patriotic reasons. Result, however, may be a too sudden transition. This should far better come by degrees.

Production Fallacies

The War Production Board is calling for a 20% increase in output in 1944 over 1943; but the bulk of this new production will be in airplanes and other specific items. The average reaction to this is that more employment will result and more money will be spent. Thus, it was expected that both profits and payrolls would be maintained. Actually the results will be quite different.

Undoubtedly the total expenditures for war work in 1944 will exceed those of 1943. The peak in wartime employment, however, has been passed. Reason is that once production is underway greater efficiency of operation results. More units of work per employee are performed and fewer employees are needed. The value of the goods produced stays up until re-negotiation occurs. This last wipes out the increasing profit margin resulting from better trained employees and the gradual obsorption of initial tooling and other costs.

Upsets Can Be Lessened

Businessmen need all the time they can get to work out post-war ideas and new production schedules. They are willing to care for fifteen million unemployed after the war; but this they cannot do overnight. Neither will they be able to operate efficiently

(Continued on page 424)

The News Behind The News

By PAUL MALLON

Speaker Sam Rayburn told the Chicago Mayors' Conference the Administration would provide a public works program—not for some far future period when depression might set in — but to take up the lag right away at the end of the war.

Paul Mallon

He added a new wrinkle to the announced plan of Vice-President Wallace to build a stack of blueprints for future construction of sewers, dams, reforestation, etc., if needed. Such projects are the meat upon which politics feeds—the luscious, fat, juicy pork. If the war is over before next November, Mr. Rayburn intends that unspecified millions or billions will be available in time to do the best possible good for the Democratic cause.

Meanwhile, he is appointing a special House post-war fact-finding committee (non-partisan, he said) to mull over the feasty building projects they are always pushing in their local districts. So the political effect will not be

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Wallace Says $200 Billion Post-War National Income Is Possible

Proposes Reconversion Agency and Incentive Taxation

Vice-President Henry A. Wallace sees the possibliity of the national income in the post-war era approaching the $200,000,000,000 level by the maximum productive use of labor and plant facilities.

Speaking before the New York City Conference on full employment, called by the Political Action Committee of the Congress of Industrial Organizations, Mr. Wallace declared on Jan. 15 that this amount would bring about full employment and an expanding economy, which are necessary to carry the debt load easily. The Vice-President stated that a nationial income of only $100,000,000,000 is not enough to bring about an era of "work, happiness and peace" and urged the "wise men" in labor, business and Government to recognize their joint responsibility for planning on a broad basis.

Henry A. Wallace

Mr. Wallace suggested the consideration by Congress of a "reconversion plant corporation, with extensive powers to facilitate the most rapid possible transition from war production to peace production, or it may want to add new and concrete powers to an existing agency."

Expressing the hope that the taxation system can be rapidly modified after the war in order that "the financing for most employment will come from private capital," Vice-President Wallace suggested that "incentive taxation by increasing employment and by increasing the national income can increase the Federal revenue." He added:

"Rates which are too high on rapidly expanding young enterprises will reduce employment and decrease the revenues of Federal taxation. Some place there is a happy medium and it is very important for both business and

(Continued on page 420)

From Washington Ahead Of The News

By CARLISLE BARGERON

Messrs. Roosevelt and Hull are breathing a little easier in the hope that the "Pravda" article saying that British and German conferees had discussed a separate peace has blown over without making too much of a dent in the public consciousness. Insofar as its affect on humanity is concerned, we had thought it had little or no bearing because it seems to be in the cards that Stalin is going to do pretty much what he wants to in Eastern Europe. And an article of this sort doesn't change the situation one way or the other.

What was important about it, we thought, was its bearing on the political fortunes of Messrs. Roosevelt and Hull, particularly the former. About him it pointed up a very ridiculous situation, indeed.

Let's go back a bit. First, Mr. Hull went over to Moscow and talked with Stalin. When he returned, so great was the acclaim that we fully expected, before it was over, for him to be riding up Fifth Avenue with the skyscrapers showering him with ticker tape as they did on returning heroes in the hifalutin' twenties. As it was, he was given the unprecedented honor of being asked to address Congress in joint session, and Senator Harry F. Byrd said something about a Congressional Medal of Honor for him.

As one who has always had a tremendous respect and affection for the Old Man, we felt a warm glow throughout our body, but for the life of us we couldn't understand just what was the triumph he had achieved. We asked one of his closest and intimate friends about it. What was the accomplishment about which he is so proud, we asked. We were assured there was no doubt about his happiness over the meeting. Why, we persisted.

Because, came the reply, he is convinced he sold Stalin on his honesty.

This struck us as an amazing thing. We are the most powerful nation in the world. We've been of tremendous help to Stalin in defeating an enemy who invaded his country. Why should one of the high officials of our Government be so thrilled over the conviction he had convinced Stalin of his honesty; in effect, his personality. It is a fact that such men as Averell Harriman, Donald Nelson and Joe Davies who have met him, been "accepted" so to speak, consider it the event of their lives, but that Mr. Hull should do so inasmuch as Stalin intended to go right ahead and do what he wanted to, gave us quite a pause.

But this was only part of this amazing spectacle which we have witnessed.

Mr. Roosevelt goes to meet Stalin right in Mr. Hull's wake, and when he returns, we are assured that his accomplishment has been tremendous, that it is one of the greatest things ever to happen to us poor democratic people. He had reached an accord with Stalin,

(Continued on page 434)

The State Of Trade

The weekly trend of business was generally upward. The heavy industries continue to send in favorable reports, with electric power production holding at about its recent high levels, carloadings showing another increase and steel production showing little change from the previous week. The retail trade reported considerable activity, with wholesale markets particularly active.

Production of electricity totaled 4,539,083,000 kilowatt hours in the week ended Jan 15, compared with 4,567,959,000 in the previous week, according to the Edison Electric Institute. This was 14.8 per cent above the year-ago output of 3,952,479,000 kilowatt hours. Consolidated Edison Company of New York reports output of 227,200,000 kilowatt hours in the week ended Jan. 16, an increase of 36.6 per cent over the 166,300,000 distributed a year ago.

Carloadings of revenue freight for the week ended Jan. 15, totaled 780,220 cars, according to the Association of American Railroads. This was an increase of 17,221 cars from the preceding week this year, 24,722 cars more than the corresponding week in 1943 and 31,107 cars below the same period two years ago. This total was 121 per cent of average loadings for the corresponding week of the ten preceding years.

Steel production in the United States is scheduled at 99.4 per cent of rated capacity this week, equivalent to output of 1,727,900 net tons of ingots and castings, compared with 99 per cent last week and output of 1,720,900 tons, according to the American Iron & Steel Institute. For the week beginning Jan. 24, last year, steel production was 1,686,700 tons.

There probably will be "considerable urgency" for landing craft material, particularly plates, after February, although pressure for the products is expected to reach its crest next month, the magazine "Steel" said in its recent isssue.

"Meanwhile this program not only is pushing shipyard activity to a high peak," the magazine reveals, "but it is providing many fabricating shops with needed business in sub-assemblies. It also is creating added demand for heavy sheets, bars and structurals." Aircraft and heavy artillery requirements are expanding, but increases in certain lines are not yet appreciably under way, the report adds.

"Various changes in the war program continue to bring cancellations and changes in mill schedules, but gaps are filled promptly and pressure for heavy steel production is not relaxed," the magazine says. In the midst of strong pressure for war materials, states the journal, shifts are bringing about occasional opportunity for fairly prompt delivery on material at first promised for a later date. Most important needs are being advanced where possible as cancellations open the way and opportunity for obtaining material for civilian use has not yet appeared.

Retail trade continued spotty this week as volume failed to pick up as rapidly as usual from the post-holiday sluggishness, according to Dun & Bradstreet, Inc. Milder weather tended to limit the usual seasonal sales, with little response accorded the few January clearances which were held. However, Southern centers enjoyed a considerable upturn in volume as the winter season gained momentum. Wholesale markets were reported active in the week and buyer attendance at many centers exceeded that of previous years. Mail orders also were heavy. Retail sales were estimated at unchanged to 5 per cent higher than a year ago for the country as a whole.

Department store sales on a country-wide basis were up 4 per cent for the week ended Jan. 15, compared with the like week a year ago, reports the Federal Reserve System. Sales for the four-week period ended Jan. 15, were up 7 per cent compared with the like period last year. Department store sales in New York City in the week ended Jan. 22, were 7 per cent larger than in the corresponding week of last year, according to a preliminary estimate issued by the Federal Reserve Bank of New York. In the previous week ended Jan. 15, sales of this group of stores were 6 per cent better than in the like 1943 week.

Based upon advance reports from class I railroads, whose revenues represent 81.7 per cent of total operating revenues, the Association of American Railroads estimates that railroad operating revenues in December were 8.7 per cent more than in the like month of 1942. This estimate, it was pointed out, covers only operating revenues and does not touch upon the trends in operating expenses, taxes or final income results. Estimated freight revenues last December were greater than in December, 1942, by 5 per cent, while estimated passenger revenues were greater by 25.3 per cent.

Spain Ally Of Hitler Russ. Embassy Charges

The Soviet Embassy said on Jan. 13 that Franco Spain, although formally non-belligerent, "actually is an ally of Hitler Germany." Associated Press Washington advices in which this was reported, further said:

"An article in the Embassy's "Information Bulletin" said that despite Spanish announcements that the Spanish Blue Division has been withdrawn from the Russian front, a Spanish legion is still fighting "on one of the sectors of the Volkhov front," and a Spanish air squadron, "which systematically receives replenishments," also is stationed on the Eastern battle line.

"Spain renders Germany diverse and very substantial assistance, the article said, adding that "Spanish neutrality is only the guise under which German imperialism is using that country for its own purposes."

"Generalissimo Francisco Franco's recent merger of the Fascist militia with the Spanish Army and his amnesty to certain political prisoners were interpreted by the bulletin as desperate efforts in a fight against the Spanish "anti-Fascist national democratic movement." This movement, the bulletin said, aims to "emancipate Spain from Fascism, to make a complete rupture with Hitler Germany and to democratize the social system."

"The article said that in his fight against Spanish anti-Fascists "Franco's gendarmes arrest people even for distributing the press bulletin of the British Embassy in Madrid."

"Spain sends Germany strategic war materials, the bulletin continued, and "British navel vessels in the Atlantic are constantly holding up Spanish ships carrying contraband for Germany."

Completes Sale Of First National Bank (Boston) Stock

The First Boston Corporation announced on Jan. 19 that the secondary offering of 17,000 shares of capital stock of the First National Bank of Boston at $48.50 per share, has been completed, and that subscription books have been closed.

Record Export Freight Traffic Handled by RRs.

Railroads handled without serious congestion in 1943 the greatest volume of export freight traffic on record, according to an announcement by the Association of American Railroads, which adds:

Export traffic is moving freely through the various ports, all of which are in a completely "liquid" condition.

Cars of export freight, excluding grain and coal, unloaded at all ports in this country in 1943 totaled 1,401,186, compared with 893,576 cars in 1942, or an increase of 67%, and an increase of 147% above that handled in 1940, in which year it amounted to 568,303 cars.

Approximately 4,000 cars were unloaded daily in 1943, compared with 2,616 in 1942 and 2,235 in 1940.

The number of cars unloaded at North Atlantic ports in 1943 was more than 75% greater than the number handled in 1918 in the first World War. Due to the fact that the average tonnage per car in 1943 was considerably more than it was in 1918, the volume of tonnage was even greater than indicated by the increase in the number of carloads.

Export grain unloaded at all ports in 1943 totaled 53,204 cars, compared with 30,315 cars in 1942, or an increase of 76%.

Coastwise freight unloaded at all ports in the past year totaled 7,333 cars, compared with 30,951 cars in 1942, or a decrease of 76%.

The character of freight handled at the various ports has materially changed in recent years, nearly 96% in 1943 having been export freight, except for coal and grain, compared with 69% in 1940. Coastal freight moving through the ports accounted for only ½ of 1% in the past year, compared with 26% four years ago.

A. I. B. Wartime Meet'g Will Be Held In June

The American Institute of Banking will hold a two-and-a-half-day war-time conference in St Louis next June, it is announced by David L. Colby, National President of the Institute, who is Assistant Vice-President of the Boatmen's National Bank, St. Louis. This conference, to be held June 6-8, will be the 42nd annual meeting of the Institute.

In making the announcement Mr. Colby stated that the conference will be a streamlined meeting held to transact essential business of the Institute, elect officers, and discuss war-time bank personnel training problems. A similar meeting was held last June in Chicago, following a precedent established by the A. I. B. during the First World War, when its annual convention was shortened to a brief conference held in Chicago.

Following the midwinter meeting of the Institute's Executive Council, which will be held in Memphis, Tenn., Jan. 30-Feb. 1, further details of the agenda and arrangements for the war-time conference to be held next June in St. Louis will be announced. The arrangements for this meeting are in the hands of the Program Committee, consisting of William C. Way, Central National Bank of Cleveland, Cleveland, Ohio, who is the Vice-President of the American Institute of Banking, Chairman; James P. Hickok, Chairman of the local conference committee, who is the President of the Manufacturers Bank & Trust Co. of St. Louis, St. Louis, Mo., and Floyd W. Larson, national Secretary of the American Institute of Banking, 22 East 40th Street, New York, N. Y. Headquarters for the St. Louis meeting will be the Statler Hotel.

Hull Reorganizes State Department; Policy And Advisory Groups Are Created

Reorganization of the State Department at Washington in an effort "to facilitate the conduct of the foreign relations of the United States in war and peace," was announced on Jan. 17 by Secretary of State Cordell Hull.

The new set-up, it is indicated, will free the higher officials of the Department from much administrative work and allow them to concentrate on specialized fields.

Secretary Hull's order established within the Department a Policy Committee and an Advisory Council on Post-War Foreign Policy. Mr. Hull named to the Council as Vice-Chairman, Norman H. Davis, Chairman of the American Red Cross; Myron C. Taylor, President Roosevelt's special envoy to the Vatican on several occasions, and Dr. Isaiah Bowman, President of Johns Hopkins University.

In clarifying the machinery of the reorganization, the Department explained that specific fields of activity had been assigned to each Assistant Secretary of State and to the legal adviser.

"Coordination among the Assistant Secretaries is provided by the Policy Committee," said the Department.

By the reorganization all functions and divisions of the Department are grouped into "line" offices below the Assistant Secretaries.

In United Press Washington advices of Jan. 15, it was further explained: Four of these offices will deal with major geographic areas—Europe, Far East, Near East and Africa, and the Americas—and a fifth will deal with special political affairs.

The former Division of International Communications will be broken down into three offices dealing respectively with aviation, shipping and telecommunications. A new office of public information will group together various organizational units concerned with public information both at home and abroad.

Also newly-established are the offices of Wartime Economic Affairs and of Economic Affairs—whose duties are indicated by their titles—as well as two administrative offices dealing respectively with departmental and foreign service administration.

The Department said establishment of these offices will set up "clearer lines of responsibility and authority . . . and eliminate over-lapping jurisdictions and responsibility."

Of the two new committees, it said:

"The Policy Committee will assist the Secretary of State in consideration of major questions of foreign policy and the Committee on Post-war Programs will assist him in the foundation of post-war foreign policies and the execution of such policies by means of appropriate international arrangements."

Concerning the Council of Post-war Foreign Policy, the announcement said that:

"The Secretary has asked Mr. Davis, Mr. Taylor and Mr. Bowman, who with others have been associated with him in this field for the past two years, to assist him in organizing and carrying forward the work of this council which will bring together outstanding and representative naional leaders to advise the Secretary on post-war foreign policy matters of major importance."

"The Department does not regard this new organization as the final answer to all the Department's administrative problems," said a statement.

"It does believe that this reorganization will better adapt the administrative framework of the Department to meet the constantly changing war situation and the foreseeable post-war demands upon our foreign policy."

Manpower Situation Easing Off With Employment Down In November, Conference Board Reports

A decided slackening in the immediate and the prospective demands upon the nation's labor resources became increasingly apparent in the closing months of 1943, according to an analysis by the National Industrial Conference Board, issued Jan. 22.

Total employment, says the Board, including all men and women in military service declined in November for the second successive month, with further reductions indicated for December. The reduction of 1,200,000 in the total number at work or in uniform in November was attributable in the main to the curtailment of farm operations at the close of fall harvesting, but civilian non-agricultural employment also receded by about 100,000 during the month and was below the corresponding total for November, 1942, by almost the same amount.

The announcement by the Board further stated:

"The Board's employment total for November fell to 63,100,000, which compares with the all-time high of 64,400,000 in September, and 64,300,000 in October. Farm employment dropped to 10,100,000 from the seasonal peak of 11,700,000 in September. A further reduction of more than 1,000,000 in the number at work on farms in December is suggested by the usual seasonal employment pattern, according to the Board. The full extent of the decline in non-agricultural civilian employment is partially concealed by the rise in November of employment in retail trade, much of which was temporary and part-time in character. The only substantial offset to the downward trend developed in durable - goods manufacturing, particularly in the war-converted automotive industry. Employment in chemicals and allied products, which had advanced sharply in previous months, fell off as a result of initial curtailment and plant shutdowns accompanying the cancellation or downward revision of small-arms contracts.

"The number of key industrial areas in which a slight labor surplus will exist during the next six months has increased from 102 to 112 according to War Manpower Commission field reports. The total of acute labor shortage areas declined from 69 in December to 67 a month later, while the roster of probable labor shortage areas receded from 124 to 119 in the same time interval. After allowance for revised production schedules, official forecasts of probable labor requirements through July 1, 1944, were again lowered by 600,000. The number in the armed forces at the end of 1943 was lower than previous forecasts of 10,700,000. This figure will not actually be reached, the Board says, until well toward the close of the first quarter of 1944. Against this background of easing labor requirements, except for manpower for military services, the proposed enactment of national service legislation would appear to be designed to assure the fulltime performance of those at work rather than to introduce a substantial body of new workers."

Senator Butler Repeats Charge U. S. Is Spending Vast Sums In Latin America

Senator Butler (Rep., Neb.) presented to the Senate on Jan. 20 his second report on spending in Latin America reiterating his original assertion that a total of more than $6,000,000,000 has been spent in the years 1942, 1943, 1944. The Senator submtted a documented certified list showing that this country's "actual expenditures, commitments and extensions of credit" relating to Latin America during the three years 1942, 1943 and 1944 amounts to $5,733,953,534 and another documented list giving $662,806,970 as expenses in the United States possessions in Latin America—the Panama Canal Zone, Virgin Islands and Puerto Rico.

According to the Associated Press, he attached to the report a 20-page itemization stating that the figures were gleaned from governmental departments, official reports and letters, and congressional testimony, and described the findings as a complete refutation of administration denials of his earlier estimates that of his earlier estimates that various forms of American aid to Latin America topped $6,000,000,000. Senator McKellar (D.-Tenn.), Chairman of the Senate Appropriations Committee, recently countered Senator Butler's original estimate with administrative figures putting total outlays at $1,483,373,000 and described Senator Butler as about 95% wrong in his figures.

The Associated Press Washington advices of Jan. 20, further reported:

"I was not 95% wrong and 5% right but 95.5% right and 4.5% wrong," Senator Butler said today in a prepared address. "That is as near right as any mortal could hope to be in checking New Deal expenditures."

"He said that the $5,733,953,543 represented total war and non-war outlays in South and Central American republics, exclusive of the United States possessions—the Canal Zone, Puerto Rico and the Virgin Islands, where, he added, another $662,806,970 was expended in the fiscal years 1942, 1943 and 1944. The figures, he said, were independently audited.

"That total of $6,396,760,513 is only the documented, certified total," he said. "That is the amount we can be absolutely sure of. How much more there is, no one can say. The sums of money for which no public accounting is made are too vast. The technic of concealment is too well developed. The dark art of financial double-talk has been too well mastered."

"Senator Butler toured 22 Latin American republics last year. Repeating his earlier charges of boondoggling and waste, the Senator said that only a congressional inquiry could determine which expenditures were necessary and determine the extent of some financial operations which he said he couldn't find out about from governmental sources.

"There is boondoggling in our operations in Latin America," he continued. "There is a vast amount of it. The New Deal's operations in Latin America have made use of military necessity for ideological purposes. The New Deal's authority in the matter of our military expenditures in Latin America has resulted in extravagance and waste.

"We should stop trying to be rich uncle to Latin America. We should insist that, according to their ability to pay, what we do for the nations of Latin America is matched, dollar for dollar, by what Latin America does for itself."

"The Senator said that the important fact was not so much the amount of expenditures, but that they "demonstrate what the present Government of the United States apparently aims to do all over the world."

"In Latin America," he continued, "we have already found out what we are beginning to find out in other parts of the world, namely that money will not buy good will and that the Treasury of the United States cannot successfully be the agent for building our post-war world. It is time that we called a halt and took an inventory as the first step necessary in the direction of developing a policy that will be sound good neighbor."

"Senator Butler asserted that Petroleum Administrator Ickes had failed to answer a request for detailed figures on the cost of oil explorations in Brazil and said that he also had been unable to get accurate estimates as to the cost of communication installations, plantation developments, rehabilitation of Mexican railroads and administrative costs of some of the 40 or more governmental agencies which he said were concerned with Latin American operations."

The Senator's earlier remarks were given in our issue of Dec. 2, page 2233.

In special Washington advices Jan. 21 to the New York "Times" it was stated that Secretary Hull renewed his charge of "unfair" when asked to comment on the new attack made by Senator Hugh Butler on Government spending in Latin America.

In part the "Times" advices added in part:

"I am convinced," the Secretary said, "that Senator Butler's latest remarks do not in any way change the opinion I expressed at the time of his earlier attack on the good neighbor policy."

"In taking note of the original charges, Mr. Hull, on Dec. 14, said the allegations were 'unfortunate' and 'unfair,' and that they contained 'inaccuracies,' and 'fallacies.'

"Officials of the State Department noted that the firm of public accountants on which Senator Butler leaned were careful to write the Senator that they had his office and the accounts shown examined the lists submitted by were correctly totaled, but that the comments, explanations and other information contained in the schedules prepared in the Senator's office were not examined or verified."

The "Times" also published the following cablegram in the matter from Havana:

"Emeterio Santovenia, Minister of State, Jan. 21 termed the statements of Senator Butler concerning expenditures of the United States in Cuba as 'unimportant and without foundation.'

"The inclusion of money spent on the American naval base at Guantanamo and the amount paid for sugar bought from Cuba was criticized by the Minister, who pointed out that the former was an investment in American territory, while the sugar was sold by Cuba at a price which represented a sacrifice made by the island as a contribution to the war."

Irving Trust Co. Net Of $4,522,401 In 1943

Net profits of the Irving Trust Co. of New York for 1943 amounted to $4,522,401, compared with $3,712,952 for the preceding year, Harry E. Ward, Chairman of the Board, and William N. Enstrom, President, announced in the report submitted to stockholders of the bank at their annual meeting on Jan. 19.

The trust company's operating profit for the year 1943 was $5,022,401, as against $4,212,952 in 1942. In accordance with the management's policy of building up reserves against a time when adjustments may be necessary, $500,000 of operating profit was added to reserves—this action having also been taken in 1942. The 1943 securities profits totaling $568,973 were transferred to deferred income; securities profits in 1942 were $332,009.

The bank declared dividends of $3,000,000 during the past year. The capital stock of $50,000,000 is unchanged from a year ago, but surplus and undivided profits amounted to $56,428,927 at the end of 1943, against $54,906,526 at the close of 1942.

From the report we quote:

"The trend of deposits in 1943 was upward. Fluctuations were relatively wide, due principally to governmental financial operations. While deposits were $35,654,740 higher at Dec. 31, 1943, than at the end of the previous year, the average for 1943 was $139,098,000 above the average for 1942. United States Government deposits amounted to $108,763,974 at Dec. 31, 1943, as compared with $133,111,771 a year earlier. Exclusive of United States Government deposits, there was an increase of $60,002,538 in deposits at Dec. 31, 1943, as compared with Dec. 31, 1942. . . .

"United States Government securities at the end of the year were $613,719,229, or $41,047.033 higher than at Dec. 31, 1942. The average of holdings of such securities in 1943 was $222,365,000 greater than in 1942. Changes in the levels of deposits and loans tend to be reflected in this account. Normally, declines in our deposits and increases in our loans are met by using balances at the Federal Reserve Bank and other assets regarded as the equivalent of cash. Currently, such other assets consist primarily of short-term United States Government securities. At Dec. 31, 1943, 45% of total holdings of United States Government securities had a first call date or were due within two years, 19% within two to five years, and 36% within five to ten years."

The Irving report also noted that a good volume of foreign business was transacted in 1943, notwithstanding the many restrictions occasioned by the war. It added that after the war a material expansion in the company's foreign business is confidently expected.

1943 Ton-Miles Of Rev. Freight Increased by 13.7%

Railroads in 1943 handled the greatest volume of freight traffic, measured in ton-miles of revenue freight, for any year on record, the Association of American Railroads announced on January 20. In that year it amounted to approximately 725,447,456,000 revenue ton-miles, according to preliminary estimates based on reports just received by this Association from Class I railroads. This was an increase of 13.7%, compared with 1942, and an increase of 53%, compared with 1941. The volume of freight traffic carried by the railroads in 1943 was an increase of 118% compared with 1939.

For the month of December, 1943, alone, the railroads handled about 8% more ton-miles of revenue freight than in the same month of 1942.

The following table summarizes revenue ton-miles statistics for the 12 months of 1943 and 1942:

Revenue Ton-Miles of Freight
(000 omitted)

	1943	1942	% Inc.
First 10 mos.	606,572,456	526,054,986	15.3
Month of Nov.	*59,575,000	56,958,793	4.6
Month of Dec.	†59,300,000	55,030,990	7.8
Total 12 mos.	725,447,456	638,044,769	13.7

*Revised estimate. †Preliminary estimate.

Public Will Not Stand For War Production Stoppages Warns Benj. F. Fairless

A "justly aroused" American public will not long tolerate strikes and other war production stoppages which have been prevalent in recent months, Benjamin F. Fairless, President of the United States Steel Corporation, warned on Jan. 20 in an address before the annual dinner of the Pittsburgh Chamber of Commerce. His address was broadcast over a nation-wide hookup.

At a "crucial period" of the war to determine the nation's survival as a democratic state, interference with any phase of the war effort cannot be countenanced, Mr. Fairless said, according to Pittsburgh advices to the New York "Herald-Tibune," from which we quote his further views as follows:

"If labor leaders are unable or unwilling in these critical times to curb the disruptive acts of subordinate officials or of small groups of union members, he added, then they must not complain at enactment of labor legislation "with teeth."

"Mr. Fairless made a sharp distinction between loyal workers and trouble makers in labor's ranks. The great majority of American wage earners, he emphasized, "are both patriotic and hard working, and they can be proud of the production records which they have helped establish since Pearl Harbor."

"The speaker reiterated his conviction, based on his company's long-standing labor relations policy, "that the right to work should not be dependent upon membership or non-membership in any labor organization."

"Not only in war time, but also in the post-war period, there must be "sincere and sympathetic" cooperation between government, management and workers to insure sound economic and social conditions here, the steel executive declared. Without profits for industry, he pointed out, the government will lose a large part of its revenues. At present more than a third of the war revenue of the government is derived from income taxes, and "without profits our industrial machine will be endangered and workers may find their source of livelihood cut off or undermined."

"Aside from work stoppages, a foremost problem of industry concerns the ultimate disposition to be made of many plants which the government has financed and built during the war emergency, Mr. Fairless told the chamber. Such plants, he pointed out, were in no case intended to take care of any deficiency in the nation's peace-time production facilities. When peace comes, he admitted, "some industries will have total capacity greatly in excess of that required for a peace-time economy."

"Courage and statemanship on the part of government and others concerned, he observed, must attend the solution of this situation.

"In my opinion, the government should dispose of its plants and facilities as promptly as possible after the end of the war," he said. "It should not attempt to set itself up in business in competition with industry. Any such course would be in the direction of state socialism. In disposing of these plants it should be recognized that their cost is not government investment; rather, it is a war cost of the same general character as that of a battleship or other instrument of warfare brought into existence for the sole purpose of defeating the country's enemies. So instead of attempting to recover the full cost of these plants the government should be generally willing to take a reduced amount, substantial though the reduction may be, and charge the balance to the general cost of the war."

"Mr. Fairless granted that a number of these government-owned plants are "probably" more modern and more efficient than similar facilities now owned by private industry, but said that both may not be required for peace-time production. In such cases he felt it to be in the public interest that the efficient and low-cost plants should survive and outmoded facilities be scrapped. Some government plants, he admitted, may need to be held for future emergencies and these units could be held "under lock and key" so as not to compete with private industry."

Allies To Divide World Into "Spheres Of Influence," Senator Johnson Predicts

The great powers of the United Nations will divide the post-war world into "spheres of influence," Senator Johnson (Dem., Colo.), predicted on Jan. 2 in an article written for "The Rocky Mountain News." Mr. Johnson is a member of the Senate Military Affairs Committee.

"Russia will dominate the Baltic States, the Northern Balkan States, Poland, Czecho-Slovakia, Germany and France," Senator Johnson said, according to Associated Press Denver advises which further quoted him as saying:

"Britain will dominate Norway, Holland and Belgium, including the colonies of the two latter in Africa and the Far East. Britain will also dominate the Dark Continent and the Mediterranean states of Spain, Italy and Greece. Britain's old ally, Portugal, will remain her dependable friend."

Argentine And Paraguay Ratify Trade Treaty

Ratifications of the commercial treaty recently concluded between Argentina and Paraguay were exchanged on Dec. 15 by Gen. Alberto Gilbert, the Argentine Foreign Minister and, Luis Argana, Paraguayan Foreign Minister. They also signed numerous agreements aimed at increasing the commercial and cultural relations between their countries.

Buenos Aires advices Dec. 15 to the New York "Times" reporting this, went on to say:

The most important of the agreements signed grants Paraguayan trade "free port" facilities in Buenos Aires. By this agreement, certain docks and warehouses in the Port of Buenos Aires will be considered a Paraguayan free zone. Paraguayan goods for export or imported goods destined for Paraguay will be unloaded, stored and reloaded without payment of import duties.

Other agreements provide for improving postal facilities between Argentina and Paraguay; for the appointment of a mixed committee charged with studying a customs union between the two countries and for the expurgation from Argentine and Paraguayan school textbooks of anything that may "foster aversion for any American country."

Finally, in an exchange of letters between General Gilbert and Senor Argana, Argentina undertakes to extend to Asuncion the airline that soon will open service between Buenos Aires and Iguazu.

Signing of the trade treaty was noted in these columns Dec. 16, page 2453.

Wallace Sees $200 Billion Income Within Reach Of Post-War Fully-Employed America

(Continued from first page)

labor to learn just exactly where that point is—the point which will promptly prevent either inflation or deflation as one or the other tends to develop. Both labor and business might well consider recommending to Congress the delegation of power to some governmental organization to make continuously those slight shifts which are necessary if the national income is to say on the road of full production, full consumption and full employment without infation or deflation."

The text of the Vice-President's talk follows, as given in the New York "Times" of Jan. 16:

We have completed a year of great accomplishment and have begun a year which will be of even greater significance. The President by his daring and his wisdom has set our feet on the road toward complete victory. Cairo and Teheran mean not only the closest cooperation for war but also effective cooperation in the peace to come.

For two days you have been discussing the problem of post-war employment. There cannot be in any country full employment for the purpose of full production of peacetime goods except on the basis of an assured world peace. Such a peace is necessary to a large volume of goods flowing between countries. Without a large volume of foreign trade unemployment is certain in the United States and England. Therefore, I say that of all the actions taken in 1943 looking toward full post-war employment, the Cairo and Teheran conferences were probably the most important.

There are those on the home front who have continually tried in one subtle way and another to create discord, especially between the United States and England and the United States and Russia. Ill-timed statements and partial truths have from time to time lessened the hearty will of the American people to cooperate to the utmost every day with our Allies in winning the war at the earliest possible moment. Through all of these attacks, and some have been slanderous, the President has kept his eye on just one objective — how best to win an early and complete victory, how best to attain a secure peace.

Many things which some of us have not been able to understand have been explained by the fact that the President is keeping his mind on those two things to the exclusion of anything else.

At this time I want to express my appreciation of the magnificent job the President has done on the home front. To transform 135,000,000 people from an easy-going peace to an overwhelming war effort involves complexities beyond the mind of man to comprehend. The necessarily hasty solution of these complexities has given small men a chance to complain—and I am sorry to say that larger men in their hatred of Roosevelt have forgotten the need of winning the war and have played up the mean, the small, the irrelevant in a way to deceive the public mind as to the real truth. Of course there are imperfections in a huge task of this sort. Everyone who has built a local union, everyone who has started a great corporation, everyone who has developed a great agricultural cooperative knows the sleepless nights, the heartaches and the mistakes involved. How infinitely greater the task of the President.

And I say that what we have before us is a prodigious performance which, compared with World War I, is almost miraculous. In terms of airplanes, tanks, guns and munitions we have produced in this war from five to a thousand times as much as we did in World War I. In World War I our expeditionary force used chiefly French guns, planes and ammunition. Compared with the pre-war base, we have in this war stepped up our production both in factories and on the farms much more effectively than we did 25 years ago. We not only have done twice as good a job in stepping up production but we have also done twice as good a job in holding down prices.

Since the beginning of the war in Europe the cost of living in the cities has risen by only about a fourth. This is less than half as much as in the same length of time in World War I. In World War I iron, steel, copper, lead, zinc and tin prices more than doubled. In this war there has been very little rise. Petroleum more than doubled in World War I, but this time it has increased less than a fourth. And so it goes all down the line. Nearly everywhere the advances have been far less than in World War I. The outstanding exception has to do with food, and even here the advance at retail has been less than 50%, as compared with about 75% in World War I. When we take into account that food prices were abnormally low in 1939 and that since then the world-wide demand for food from the United States has been greater than in World War I, it is surprising that such a good food job has been done.

I have recently made a tour of many counties in Iowa, talking to the farmers at first hand. I made the point to them of the great need of the farmers understanding labor, and told them that the satisfaction of their needs in the post-war period depended on production. I said the farmer could not get legislation without labor men and their Congressmen lined up.

The so-called leaders of agriculture in Congress do not speak for the rank and file of farmers, thank God for that. So I want you to by-pass certain leaders—I don't want to condemn any group wholesale—and get in touch with the farmers on a county level. Get your message and your picture across. It is much more important to the future of civilization than any of us realize.

Moreover, we must remember that this war is costing about ten times as much as World War I and that the savings in the hands of the people as the result of full employment amount to more than $80,000,000,000. This means there is tremendous monetary pressure on the side of higher prices. Nevertheless, OPA has held the line remarkably well. If it had not done so, if we had had controls only like those in World War I, the consumers in the United States last year would have had their pockets picked by the rising cost of living to the tune of more than $25,000,000,000. Moreover, the debt of the United States, because of the greater cost of the war effort resulting from such inflation, would have been increased by something like $50,000,000,000. In brief, what I am saying is that the Presiden is entitled to great credit for his leadership in bringing about a truly remarkable expansion of production with the minimum expansion of prices. The great majority in business and in labor is entitled to great credit for their contributions which make his leadership effective.

Many people do not like OPA. Some criticize it for being a New Deal agency started by Leon Henderson. Others criticize it for being an Old Deal agency staffed in the North by appointees of Republican Governors. Many criticize it for red tape and bureaucracy. Some of these things may be true. But we have to recognize that, so far as the net effect is concerned, the job has been a good one. To increase production and hold down prices is like defying the law of gravitation. Just the same, the job has been done and will continue to be done provided the people will stand behind their President and against selfish, greedy, noisy men.

There has been much criticism of the Congress for not setting taxes high enough. Some claim that the corporations have been growing rich out of the war. This may be true in some cases but, even though Congress has not carried out in full the recommendations of the President and the Secretary of the Treasury, the facts are that in this war we have done a much better job in covering back into the Treasury excess profits than we did in World War I. The corporations during the past two years made gross profits two and a half times as great as in the two years of World War I but they paid taxes nearly five times as great. Taxes ni World War II have been used twice as effectively to recover excess profits as in World War I.

The President, the Congress and all the great groups of the nation are entitled to corgratulations for having done a truly remarkable job. In retrospect we can see how many things might have been changed. Certain expenditures have been proved by hindsight to be needless, but the head of a great nation cannot take chances and therefore I am thankful that the President tried so vigorously to provide against every contingency, whether it might be in South America, in Alaska, in Africa, Persia or China. He has done a job in which he and a grateful nation can take satisfaction.

There are two groups of big businessmen in the United States. In one group are found those who believe in Allied war unity, those who have always hated and distrusted Hitler. In the other group are found those who believe in "isolation first." Some of these finance anti-Semitic movements. Some organize hatred of the President and discord in the Democratic Party. Maybe some have been working in the past 48 hours. Others promote isolationism in the Republican Party. Certain isolationist politicians have been and will be beneficiaries in their campaigns of the money of these big business isolationists. One probable reason why some of these wealthy isolationists so strongly oppose the President and the kind of peace he stands for may trace to the fact that they have had profitable relationships in the past and hope to renew them with the big German trusts. They believe in international corporations or cartels, but they do not believe in any type of international government which would prevent these cartels from preying upon the people of all lands.

Generally speaking, isolationist big business men use the tariff as a screen behind which to conduct their monopolistic operations in the various countries. They are not so much interested in a larger volume of international trade as they are in parceling out markets for individual profit. Some of them have been interested in every nation distrusting every other nation so that their armament industries might always have a big market. Flash—footnote—look into the Argentine. They do not believe in a long-lasting international peace and will do their best to prevent it by daily hammering the public mind through their agencies of publicity. Unfortunately for the nation and the world, these men because of the war will come into the peace with huge financial reserves and, even more important, with the control of many profitable inventions of great importance to the American public. I wonder if someone will talk to people in high places about the channels through which this money comes. They control so many new inventions that in the post-war many businesses and certain communities will be able to exist only by grace of their sufferance. Unfortunately, there are business men of this sort in every country.

But fortunately, there are many big business men who believe wholeheartedly in Allied unity in just the same way as the President. They believe in unity for both the war and for the peace. They want to see an enduring peace based on a higher standard of living and a growing volume of world trade and therefore believe in the Good Neighbor policy not only between the United States and Latin America but also between the United States and the other United Nations in the post-war period. These business men do not finance anti-Semitic movements or American Fascists. They believe in clean, aggressive competition in foreign markets. They may fight Roosevelt on his domestic policies, but in the main they do it fairly. If the common man has to choose between these two big business groups there is no question as to where his interest lies.

All groups of business men, large and small, good and bad, are enormously interested in the Government's policy with regard to reconversion and contract termination. Already 40,000 contracts amounting to more than $12,000,000,000 have been terminated, and while many contracts have been reinstated there has been enough net change to cause serious unemployment in some localities. When the European war ends there will probably be a $40,000,000,000 curtailment in war production. This could conceivably cost the jobs of more than 10,000,000 men unless plans are made. It is commonly understood that Mr. Baruch will soon submit a report to Justice Byrnes on this subject. No doubt suggestions as to how the Government may help business finance its reconversion.

Many of the businesses which used Government capital to convert when the war started will have to use Government capital in reconversion. When the Government knows it is going to terminate a contract it should be prepared to do its part in removing promptly its inventory of materials and machines which are not needed by the reconverted plant so that in the shortest time possible men may be at work on production of peacetime goods. Congress may well consider setting up a "reconversion plant corporation" with extensive powers to facilitatae the most rapid possible transition from war production to peace production, or it may want to add new and concrete power to an existing agency.

Business men and laborers will face a sharper crisis when contracts are terminated than the nation faced when war was declared. They have a right to demand that there be some agency in Government which has the power and the courage to speak clearly and decisively on all reconversion problems. There must be public responsibility in the reconversion. Reconversion must not be made a grab-bag for monopoly. Small business, the backbone of our nation, must be protected. The sub-contractors as well as the prime contractors must be protected. The prime contractor usually has big cash reserves — the sub-contractor almost never.

Labor should back up business in its demands that the problem of reconversion be given prompt and effective consideration. Both labor and business should also join in urging on the Army and Navy a policy of restraint in the too rapid disposal of surplus products. And there are huge mountains of them. After this war the UNRRA may serve as a useful outlet in many cases. Some business men who have been shocked at the proposal which they held to be idealistic would be exceedingly happy to see UNRRA use these goods in foreign lands. Their hearts will bleed for humanity. It will be remembered that after World War I certain labor groups in August of 1919 called on President Wilson. At that time it will be remembered that the wages of labor had lagged far behind the cost of living. Labor leaders, calling on President Wilson, said that either their wages had to be advanced or the cost of living had to come down and that on their part they would prefer to see the cost of living come down. Soon thereafter the Army and Navy disposed of large quantities of materials and the Federal Reserve Board adopted a policy of high interest rates. The country had been overinflated but the deflation cure was almost as bad as the inflation disease. The large supplies of stuff put on the market cost many laboring men their jobs. The rapid fall in prices cost many business men their businesses. The farmers suffered worst of all. All groups have a right to ask both the Congress and the Army and Navy that this time discretion be used.

Congressional committees have been discussing these problems. Policies are under consideration which during the next year or two will affect the jobs of millions of workers. Labor should prepare to be represented at all hearings of the Truman Committee and the various committees which have to do with post-war planning. Just as labor played a prominent part in pushing for the complete conversion which is now doing so much to win the war for us, so labor also should be an equally determining factor in seeing that reconversion gives us full employment, should play a constructive role in post-war planning.

I do not propose in this talk to say just what the Government ought to do with regard to post-war employment. But I do say that, inasmuch as the Government had to take full responsibility for getting cooperation from all groups to convert our economy from peace to war, it will have to take equal responsibility in converting from war to peace. Those who want to handle the post-war problem merely by turning things loose are asking for anarchy. There are, of course, certain branches of the economy where all that is necessary is to enforce the anti-trust laws. There are other branches where all that is necessary is to make sure that adequate financing is available through the RFC or the Farm Credit Administration. But there are other fields of activity where it will be necessary to engage in specific physical planning. When the contracts are terminated there will be hundreds of thousands of people out of work unless there is detailed advance planning.

This planning must be on a broad basis and not on a little basis. The Federal Government will have the responsibility of paying the interest on more than $200,000,000,000. The only sound way to pay this interest is by the maximum productive use of labor.

We have to have full employment and an expanding economy to carry our debt load easily. This means a national income in excess of $130,000,000,000. I am speaking of at least $130,000,000,000 net income. This would mean $170.000,000,000 in terms of total goods and services to carry the debt load easily. If we go up to $200.000,000,000, as we can go, we could carry the debt load that much more easily. Some very large business men are making their plans on the basis of a national income of only $100,000,000,000. That is not enough to give full employment or to utilize the factory facilities which we shall have available or to carry the national debt load easily. The tendency will be for some business men to avoid thinking of the maximum output of the best quality at the lowest price. When the price is held up and the production is held down there is unemployment, which produces still greater contraction. We must keep in mind that the profits to be made by monopoly practices are not a net profit for business. All business has to help pay the costs of employment.

It seems to me that each business, as it confronts the problem of its responsibility for furnishing that amount of employment which will eliminate unemployment, must be guided in the main by the maximum use of labor and plant facilities. Obviously there are some businesses where production of more than a certain quantity is sheer waste, but in most lines of consumers' goods consumptive power is as great as productive power, provided labor is kept fully employed and the profits and savings are put to work as rapidly as they are acquired. The wise men in labor, business and government will have to give to the individual small business man the same assurance of a big market as our government at war has furnished during the past two years. Labor can't do it by itself. Business can't do it by itself. Nor government. All three must recognize their joint responsibility. This country belongs to all of us and we've got to keep it at work to keep it strong.

Of course, we must have a vast stockpile of blueprints for public roads, schools, sewers, reforestation, irrigation dams and flood control projects for every State in the Union so that if employment falters for any length of time in any area Government employment may be promptly thrown into the breach. Personally I am hopeful that our taxation system can be modified with such rapidity after the war that the financing for most employment will come from private capital.

Incentive taxation by increasing employment and by increasing the national income can increase the Federal revenue. Rates which are too high on rapidly expanding young enterprises will reduce employment and decrease the revenues of Federal taxation. Some place there is a happy medium and it is very important for both business and labor to learn just exactly where that point is —the point which will promptly prevent either inflation or deflation as one or the other tends to develop. Both labor and business might well consider recommending to Congress the delegation of power to some governmental organization to make continuously those slight shifts which are necessary if the national income is to stay on the road of full production, full consumption and full employment without inflation or deflation.

Labor took the lead after Pearl Harbor in putting real vitality into a complete war effort. To labor goes a very large part of the credit for the production miracle. Labor's hands every day are producing the munitions that are relentlessly destroying the might of Germany and Japan. Labor will not turn back. Our workers will finish what they have started. They will not let our boys down overseas.

During the war, labor has come of age and from now on must bear its full share of responsibility for molding public opinion and Congressional opinion on behalf of taking those steps which will prevent unemployment in plenty of time. You have shown by your presence here that you are intensely awake and aware of the rights of the common man, as well as the duties of the common man. You are going home to carry on in 1944 your business as ture Americans. You will have your family duties. You will have your days of work. But above all in this great year of 1944 you will have the splendid privilege of seeing and believing and fighting for those things which are to come, for those things which we have been paying for these past years in that great symbolic phrase, "blood, sweat and tears."

And now as we look beyong the "blood, sweat and tears" I see ahead work, happiness and peace; peace which will come through jobs for all and the full use of the resources of this world for the benefit of the people of this world; work, because there is no man of sanity who does not wish to work; happiness, because with permanent peace and full employment, man will pursue the usefulness for which he was created.

Items About Banks, Trust Companies

Percy H. Johnston, Chairman of the Chemical Bank & Trust Co. of New York, at the annual organization meeting of the board of directors, on Jan. 20, announced the appointment as Vice-Presidents, W. Barton Cummings, formerly Personal Trust Officer, and William G. Laemmel, formerly an Assistant Vice-President. Mr. Cummings is a native of Connecticut and received his early education in New England. He is a graduate of Amherst College and studied at the Sorbonne in Paris. He has been connected with the Chemical Bank since 1920, becoming a Trust Officer in 1935 and he is actively engaged in the supervision of the bank's Personal Trust Department. He is a director of the New York Federal Savings and Loan Association, trustee of the Edwin Gould Foundation for Children, and Secretary of the Trust Companies Association of the State of New York.

Mr. Laemmel is a native of Brooklyn. He started his banking career with the Citizens National Bank in 1916, which institution later merged with the Chemical. Leaving the bank in 1922 to obtain practical bond experience, he returned in 1926 as Secretary and Treasurer of the Chemical Securities Corp., and later became Vice-President and Secretary. Upon the absorption of that corporation he was appointed an Assistant Vice-President of the bank, supervising the Bond Department.

At the same meeting Charles F. Hennett, formerly an Assistant Branch Manager, was appointed Assistant Branch Supervisor.

Other appointments were: James E. Hellier, Assistant Secretary; Raymond W. Moore, Assistant Trust Officer; Irving White, Assistant Trust Officer; Arthur S. Sherwin, Assistant Manager Foreign Department; George H. Devey, Assistant Manager of the Tenth Avenue at 23rd Street office, and G. Raymond Christensen, Manager of the Government Bond Department.

S. Sloan Colt, President of Bankers Trust Co. of New York, announced on Jan. 17 the election of Harold J. Marshall as an Assistant Vice-President. Since 1939 Mr. Marshall has been Secretary of the New York State Bankers Association, and has been active in the American Institute of Banking and in the American Bankers Association, of which he is currently a member of the Executive Commtitee of the State Secretaries Section. He is also a member of the A. B. A. Research Council. Since 1940 Mr. Marshall has been Vice-President and a director of the First National Bank of Canajoharie, N. Y., prior to which he was Cashier and a director of the National Spraker Bank of Canajoharie, 1933-39; Cashier of the Washington County National Bank, Granville, N. Y., 1933; an Assistant National Bank Examiner, 1930-33, and associated with the Council Bluffs Savings Bank, Council Bluffs, Iowa, 1923-1929. He was President of the Eastern Secretaries Conference of the American Bankers Association for the 1942-43 term.

At the annual meeting of the Commercial National Bank & Trust Co. of New York, on Jan. 11, stockholders approved a proposal to change the present par value of capital stock of $100 per share to $20 per share. There were 70,000 shares outstanding, which now become 350,000 shares.

In their annual report, Walter G. Kimball, President, and Herbert P. Howell, Chairman of the Board, indicated that net current operating earnings in 1943 were $1,256,301, not including $6,910 net profits on securities. Additional profits on securities sold of $736,174, not included in earnings, were applied to the cost of securities. After the payment of dividends of $560,000 and the transfer of $2,000,000 from undivided profits to surplus, undivided profits were $1,182,919.

The bank's condition statement as of Dec. 31, 1943, was referred to in our issue of Jan. 6, page 97.

The Manufacturers Trust Co., New York City, was authorized by the State Banking Department on Jan. 20 to reduce its capital stock from $47,617,360, consisting of 429,977 shares of convertible preferred stock and 1,950,906 shares of common capital stock, all of the par value of $20 each, to $46,290,680, consisting of 415,382 shares of convertible preferred stock and 1,899,152 shares of common capital stock, all of the par value of $20 each.

In his annual report to stockholders of the Colonial Trust Co. of New York, Arthur S. Kleeman, President, reported on Jan. 19 that during the past year the institution has had substantial growth in a number of directions. Total deposits increased from $24,045,000 on Dec. 31, 1942, to $31,890,000 on Dec. 31, 1943, a growth of 32%. Deposits, exclusive of Government deposits, increased 40%, Mr. Kleeman explained, an indication of growth in the number of customers of the bank and in the average balances carried by them. The liquidity of the institution showed an increase, he added, with cash and Government bonds totaling 74% of deposits on Dec. 31, 1943 as compared to 71% at the end of the previous year. The trust company's Government bond portfolio grew from $10,084,000 at the end of 1942 to $14,655,000 at the end of 1943; during the same period loans and bills purchased increased by 19%, a measure of further usefulness to our clients.

Surplus and undivided profits increased by 21% during the year from $417,000 at the end of 1942 to $508,000 at the end of 1943.

The Colonial Trust Co., with banking facilities and executive offices at 1230 Sixth Avenue in the United States Rubber Co. Bldg., Rockefeller Center, has leased the adjacent space to the north on the ground floor for occupancy as soon as alterations are completed. This expansion was occasioned by the increased volume of domestic business in the Rockefeller Center area, and plans for broadening the activities of the bank's Foreign Division, according to President Kleeman.

Mr. Kleeman added that Mario Diez, Assistant Vice-President in charge of the Foreign Division, will leave for South America this month to begin the work of developing closer cooperation between Colonial Trust Co. and its Latin American bank correspondents.

Stockholders of the Title Guarantee & Trust Co., New York, approved on Jan. 19 the reduction of the capital stock from $6,000,000 to $3,000,000, and the par value of its 500,000 shares from $12 to $6 per share, and acted to transfer to surplus and retain for company use the $3,000,000 thereby released. It is planned to transfer $1,500,000 of the surplus to increase reserves for contingencies when the proposed reduction in capital becomes effective.

George McAneny, Chairman of the Board of the company reported at the annual stockholders' meeting, on Jan. 19, that the company's business for the year yielded an operating profit of $25,424, without provision for depreciation of office buildings and before deducting that portion, applicable to pay periods in 1942, of the retroactive salary increases awarded by a directive order of the National War Labor Board in 1943. This compares with an operating loss of $83,558 reported for the yer 1942 which, after giving effect to the aforesaid portion of the retroactive wage award, amounted to $117,366.

At the Jan. 19 meeting of the stockholders the following named were elected trustees in the class whose term will expire in 1947: Philip A. Benson, William H. Deatly, Albert G. Milbank, Purcell C. Robertson, Frank L. Stiles, Willis D. Wood and Raye P. Woodin.

At the organization meeting of the board of trustees, on Jan. 19, Donald M. Jack, Manager of the Mineola office, was elected an Assistant Vice-President; John W. Boyle, formerly Assistant Treasurer, was elected an Assistant Vice-President; Clarence E. Dugan, Manager of the Riverhead office, was elected an Assistant Vice-President; Charles B. Kleinschmidt, Assistant Manager of the Long Island City office, was elected an Assistant Vice-President; A. Samuel Cunningham, Assistant Manager of the Mid-Town Banking Department, was elected an Assistant Treasurer; Clinton B. Morgan, Assistant Manager of the Mid-Town office, was elected an Assistant Secretary; Loren E. Boies, formerly Manager of the White Plains office, was appointed Counsel of the White Plains office; Walter J. Gainey was appointed Assistant Solicitor of the Brooklyn office. Thomas H. Sheehy, formerly Assistant Manager of the White Plains office, was appointed Manager of the White Plains office. All other officers were reelected.

The election of W. N. Westerlund, President of Marine Transport Lines, Inc., as a director of The Continental Bank & Trust Co. of New York was announced on Jan. 20 by Frederick E. Hasler, Chairman of the bank. Mr. Westerlund served for more than a year as Assistant Deputy Administrator with the War Shipping Administration in Washington, having jurisdiction over the operations of WSA vessels. He is a member of the American committee of Lloyd's Register of Shipping and of the Maritime Committee of Commerce and Industry Association.

William J. Waite, Chairman, reported on Jan. 19 to the stockholders of Clinton Trust Co. of New York, at the annual meeting that the net operating income of the institution for the year 1943 was $76,700, equivalent to $6.39 per share. This does not include profits realized on the sale of securities. Dividends paid were $1.30 per share for the year. Deposits increased 33.5% for the year, and the average volume of earning assets employed was 75.6%. The average rate of return on loans and investments for 1943 was 2.6%.

During the year holdings of United States Government securities were increased by $3,291,292, and in that period clients purchased through the trust company United States Government securities in the amount of $3,662,000. Of the company's total investments, 77.8% comprise United States Government issues and 83% comprise Government and municipal issues. Of the total investment portfolio of bonds, 97.8% is in class A bonds or better. The bank's holdings of United States Government bonds total $8,196,848, of which 50.2% mature within one year, 25.6% from one to five years, and 24.2% over five years.

The officers of the bank were reelected, and the following directors were reelected: Lee S. Buckingham, John Horn, Samuel Miller, John Mullen and Robert C. Schock.

The Twenty-five Year Club of Manufacturers Trust Co. of New York, at its annual dinner held at the Hotel New Yorker on Friday evening, Jan. 14, inducted 42 new members. As the name implies, the Club is composed of employees who have been in the bank's service for 25 years or more. The total membership is now 209, the oldest of whom in length of service is Richard N. Cotter, Assistant Secretary, who has been in the employ of the bank since 1880. Chris J. Ochs, President of the Club, presided at the dinner. Henry C. Von Elm, Vice-Chairman of the Board of Manufacturers Trust Co. and himself a member of the Club by virtue of his 40 years of service with Manufacturers Trust Co., extended his greetings to the members of the Club and their guests, and presented the membership emblems to the new members. A varied program of entertainment followed, the feature of which was several vocal selections by Mrs. George R. Baker, who formerly sang with the Metropolitan Opera Company under the name of Madam Atwood, and whose husband is a Vice-President of the bank. Newly elected officers for the coming year are Richard N. Cotter, Honorary President; Edward J. Gresser, President; William Haas, Vice-President, and Henry W. Becker, Secretary-Treasurer.

James A. Stillman died on Jan. 13, in New York Hospital, following a brief illness. He was born in New York City Aug. 18, 1873. Mr. Stillman on Jan. 12 celebrated his 40th anniversary as a member of the board of directors of The National City Bank of New York. He was, in point of service, the bank's oldest director. Shortly after graduating from Harvard University Mr. Stillman joined National City when his father, James Stillman, was President of the institution. He was appointed an Assistant Cashier in 1899 and subsequently became a Vice-President. Early in 1918 Mr. Stillman was appointed General Executive Manager under the bank's plan of rotation of office, and this office he held at the time

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Fire Waste Awards Contest

The United States Chamber of Commerce and the National Fire Waste Council announce the 1943 Inter-Chamber Fire Waste Contest, urging that participating communities submit their reports on 1943 fire prevention activities and accomplishments before March 1. The approximately 60 merit awards and the significant results in this program will be announced about April 1 at the annual meeting of the Council. This is the 21st annual event in the nation-wide fire prevention crusade by cities and communities through their Chambers of Commerce, fire departments, civilian defense units, schools, youth organiaztions, civic clubs, insurance and other local forces. The merit awards serve to dramatize the gravity of fire destruction and to commend the effective work in reducing and controlling the toll of fire.

The National Board of Fire Underwriters estimates that the loss for the first 11 months of 1943 was $332,519,000—the largest for any year since 1932.

The Financial Situation

(Continued from first page)

It began with the President's "second bill of rights" list in his annual message on the state of the Union. Here they are:

> The right to a useful and remunerative job in the industries or shops or farms or mines of the nation.
>
> The right to earn enough to provide adequate food and clothing and recreation.
>
> The right of every farmer to raise and sell his products at a return which will give him and his family a decent living.
>
> The right of every business man, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad.
>
> The right of every family to a decent home.
>
> The right to adequate medical care and the opportunity to achieve and enjoy good health.
>
> The right to adequate protection from the economic fears of old age, sickness, accident and unemployment.
>
> The right to a good education.

It is open to some question whether if the President had let these matters end here any great harm would have been done. The absurdity of these "rights" is a little obvious even for a political harangue, where absurdities are expected. One might as well insist that every man has the right to grow six feet tall, or to be born with red hair. He may have such "rights" — whatever that means—but who is in a position to underwrite them? Every family may have a "right" to a decent home, but we suspect that for the most part and in the long run it will actually have one only if is able to provide it for itself. The farmer may have a "right" to a satisfactory profit on his produce, but we are doubtful if he will get it very long unless he produces what other people want and does so at a cost which will allow him such a profit at prices the consumer will pay. And so it appears to us that this vague and meaningless listing of "rights" might very well be passed by without much concern.

War and Post-War Problems

But upon examination it would appear that the President in this message was but laying the foundation for many things that he had to say in his Budget Message, and there he becomes more concrete and politically realistic. He is right, of course, in considerable part in saying that reconversion and demobilization begin long before the war is over. That is true, and it is none of his doing. It is true, likewise, that these matters have to be met as they arise. But the President's technique of weaving his conceptions of post-war problems and their solutions thread by thread into the complex pattern of winning the war was not necessary. On the contrary, it constitutes, or so it seems to us, one of his favorite political tactical strokes, and one whose influence we must not fail to recognize or underestimate.

Take such passages as these:

> Demobilization begins long before hostilities end. While we are still expanding war production, we have already terminated more than 12 billion dollars of war contracts; while we are still increasing the size of the armed forces, we have already discharged a million men and women. If hostilities end on one major front before they end on other fronts, large-scale demobilization adjustments will be possible and necessary while we are still fighting a major war.
>
> The problems of adjustment cover a wide range — contract termination, reconversion of war plant, disposal of Government-owned property, shifting of men to peacetime employment, and many others. Our approach to these problems must be positive, not negative. Our objective must be a permanently high level of national income and a correspondingly high standard of living. To achieve this end there must be concerted efforts by industry, labor, and government and a well-planned demobilization program. As men, materials, and facilities are released from war service and production, such resources must be channeled into civilian production on a basis that will assure a high and stable level of production, consumption, and employment. The soldier, the worker, the businessman, and the farmer must have assurance against economic chaos.
>
> Just as economic mobilization for total war required many interrelated measures, so adequate reconversion to civilian production will require many interrelated adjustments of fiscal policy, production policy, price policy, and labor policy.
>
> * * *
>
> In the international field, as in the domestic field, there is no sharp distinction between war and post-war policies. For example, the program under lend-lease and reciprocal lend-lease arrangements is designed to facilitate the effective prosecution of the war and at the same time to help lay the foundation for post-war settlement and international prosperity.
>
> * * *
>
> Victory will be not only a cause for joy over an accomplishment but at the same time a challenge to another great undertaking. You and I have the responsibility to prepare for victory and for peace. Let us make sure that the Budget, the Government's work plan, serves both ends.

It is entirely fitting that the President give careful consideration to such subjects at this time. Indeed, it is his duty to do so. It is, likewise, both his privilege and his obligation to make such suggestions for action as seem to him appropriate. He is, however, not warranted in presenting his proposals in such a manner that those who hold other views must in opposing him risk being accused of failure to support the war effort.

Savings Banks Group Elects Officials

Daniel T. Rowe, President of the Kings Highway Savings Bank, Brooklyn, and Charles Diehl, Executive Vice-President of the Empire City Savings Bank, New York City, were reelected Chairman and Vice-Chairman, respectively, of the Savings Bank Retirement System at the annual meeting of the board of trustees on Jan. 19. Urbain C. Le Gost was reappointed Secretary, and Robert Matherson, Jr., Treasurer. In addition to his duties as Treasurer Mr. Matherson was also appointed to the newly-created post of Executive Manager.

The trustees reported the System's assets as of Dec. 31, 1943, of $490,000 and participation in the plan by 27 banks with 880 participating employees. This participation represents an increase of 75% in the number of member employees since the inception of the plan on May 1, 1941.

A continuing interest in the System is also reported by the trustees in the addition of the 28th participating bank as of Jan. 1, and the 29th bank, scheduled to begin participation on Feb. 1. Some 20 other savings banks are being furnished figures as to the cost of participation by the Retirement System's office.

The announcement said that the growing interest in the System, organized to put the pensioning of superannuated savings bank employees on a formal and funded basis, apparently comes from a growing recognition on the part of savings bank executives of the importance of a formal pension plan in their employee relations programs, and the recent announcement that plans had been completed with the State Banking Department toward allowing, under the provisions of the Retirement System, credit to participating employees for service rendered prior to entrance into the System. This prior service feature of the plan assures employees of retirement benefits based on both past and future service.

Other trustees of the System, in addition to Messrs. Rowe and Diehl, are: Perrin L. Babcock, President Onondaga County Savings Bank, Syracuse, N. Y.; Fred Gretsch, President The Lincoln Savings Bank of Brooklyn, Brooklyn, N. Y.; John F. Krepps, President The Home Savings Bank, White Plains, N. Y.; Jacob H. Strong, President Rhinebeck Savings Bank, Rhinebeck, N. Y., and George Wendt, President The Mechanics Savings Bank of Rochester, Rochester, N. Y.

St. Louis Reserve Bank Designations

The Board of Governors of the Federal Reserve System has redesignated William T. Nardin as Chairman of the Board of the Federal Reserve Bank of St. Louis, and Federal Reserve Agent, has designated Douglas W. Brooks, Memphis, Tenn., as Deputy Chairman, and has appointed Wm. H. Stead as a Class C Director. Mr. Stead is Dean of the School of Business and Public Administration of Washington University, St. Louis.

Member banks have re-elected the following as directors of the parent bank: G. R. Corlis, Anna, Ill., Class A director, and Henry H. Tucker, Little Rock, Ark., Class B director.

The following have been appointed directors of the branches of the Federal Reserve Bank:

Little Rock branch: I. N. Barnett, Batesville, Ark., W. A. McDonnel, Little Rock, and A. F. Bailey, Little Rock, Ark.

Louisville branch: Phil E. Chappell, Hopkinsville, Ky., and Chas. A. Schacht, Louisville, Ky.

Memphis branch: Rufus Branch, Pecan Point, Ark., W. W. Campbell, Forrest City, Ark., and W. H. Glasgow, Memphis, Tenn.

Prepare Now For Claims Resulting From War Contract Cancellation, Kent Urges

While many unknown quantities still lie in the contract cancellation situation, the management of all industries, particularly small industries, should start immediately to put its accounting system in order, set up inventory controls, segregate all items, such as raw materials, goods in process, overhead and so on that claims may be determined promptly and exactly, in the opinion of Dr. Fred I. Kent, Chairman of the Commerce and Industry Association of New York's Post-War Planning Committee.

The statement, it is pointed out, is the first of concrete advice and recommendations to be issued by the Association's committee head under its program. "Great speed in the final settlement of claims made against cancelled contracts is necessary to enable those concerned to take their place in the post-war industrial world," Dr. Kent said.

While no inflexible plan can be set up at the present time to meet cancellation emergencies because of uncertainties as to procedure which will take place when pending legislation is finally passed, Dr. Kent urged every industry that may be affected to get in touch with its banker and discuss matters that would arise in the event of cancellation. Such discussions would enable the banker to better keep in touch with developing conditions, he said.

"Regardless of coming legislation," said Dr. Kent, "every industry should be in position to measure the flow of funds and raw materials into production, should understand the method of bookkeeping it would have to depend upon if the claims are to be recognized, and the character of inventory controls that would have to be provided to enable prompt and certain segregation of raw materials against different claims or against production for civilian consumption and production for war purposes, where the same stockpiles might be utilized. Methods of ascertaining the amount of reasonable profits and overhead costs representing work as it may have progressed or was progressing should be worked out." He further observed: "The amount of money that would be required upon cancellation as the time could be seen to approach when terminations of contracts were likely to be made would also be worth while measuring.

"In all of these matters discussion with its banker should help each industry concerned to get its books in such order that it could set up claims promptly and effectively. Even while many unknown quantities still lies in the situation, such discussion by an industrialist with his banker would enable the latter to better keep in touch with developing conditions that might affect the industrialist's interests than would otherwise be possible.

"New legislation will unquestionably be passed that will determine certain procedures in connection with cancellation of contracts that can be or must be carried out by Government procurement officers or others to whom authority is extended. In spite of the fact that such legislation has not yet been defined, there are many elements that have to do with accounting practice and inventory controls that the management of the industries could discuss with their bankers with great advantage to both. With complete understanding between these two sides of any loan questions which might arise upon cancellation, where industries would require a return of capital which had been invested in raw materials, the processing of goods, etc., no time need be lost when cancellation of war contracts takes place."

Trust Legislation To Replace 'Legal Investment' Fiction With 'Prudent Investor' Rule Urged

Legislation which would substitute the "prudent investor" rule for the "legal investment" fiction, to the advantage of trust beneficiaries and trust companies, was advocated by Wm. Fulton Kurtz, President of the Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, in the company's annual report to shareholders on Jan. 17.

While reporting a gain of 23.65% in deposits to a total of $437,366,587, including $66,545,744 in the treasury account, and an increase of 13.09% in net income from general operations for the fiscal year, Mr. Kurtz touched on a problem common to all trust companies, that of unsatisfactory earnings of the trust department.

"The real solution of the problem of inadequate returns rests largely with the Courts and the Legislature rather than with the trust companies themselves," he stated. "In previous reports" he said, "we have commented at some length upon the vastly increased difficulties in analyzing investment trends and conditions, and the multiplicity of reports and returns that have been imposed over the past 25 years. In most cases we still receive only the same compensation as when the matter of investment and administration was far simpler and less expensive. True, we have made some progress toward better commission rates by voluntary agreement with beneficiaries, and we have insisted upon a living rate for new and prospective trust business, but these gains have largely been offset by the lower rates of income and yield on all new investments. In other words, while our rates of commission have increased percentagewise, the rate of income from investments on which our commissions are largely based has steadily declined." Mr. Kurtz added:

"In spite of persistent efforts (which are being continued), the trust companies have so far been unable to secure proper legislation to provide relief to fiduciaries in connection with trust investments. One of the major objectives which would redound to the advantage of the beneficiaries of trusts, as well as to the trust companies themselves, is the substitution of the "prudent investor" rule for the "legal investment" fiction, thus allowing the trustee to meet changing economic and monetary conditions as would a careful individual investor. Another important objective is to obtain legislation or court authority to permit a trustee to charge a principal fee in long term trusts both as executor and as trustee. These objectives are sound and reasonable and have been incorporated in the statutes of many of our states which have modernized their testamentary laws in recent years."

Mr. Kurtz also declared that the present limitation of $25,000 for any one account in discretionary common trust funds should be raised to a far higher figure.

Retailers Urge New Price Control Act As Effective Inflation Curb

Favor Freezing Old Age Insurance Tax Rate at 1%

Continuance of government price control through the enactment of a new Price Control Act, in order that the true intent of the Congress may be established clearly, "to the end that unfortunate friction and confusion may be avoided and more compliance may be secured," was urged on Jan. 13 by members of the National Retail Dry Goods Association, assembled at their Victory and Post-war Conference, at the Hotel Pennsylvania, in New York.

This was one of the six resolutions adopted by the nation's retailers. Another highpoint in the resolutions was the urging upon the War Production Board and other high officials of the Federal Government, "a coordinated and active policy of releasing from the stock piles of the government, all such surplus of goods of a consumer-use nature as a careful re-inventorying of such stock piles may show are not likely to be required in the conduct of the war."

Disposal of government surpluses will constitute one of the major problems of the post-war era, the retailers emphasized, and "thought should be directed toward the possibility of a partial distribution at this time." The resolutions in their entirety, follow:

Retailers and the War

It is the opinion of this Association that regardless of every other consideration no American can have any more important task than to make the fullest possible contribution to the early and successful outcome of the war. As between any course of action which will contribute to victory and of narrow individual interests, there must be no hesitation in choosing that which will serve the nation's cause.

Retailers everywhere are urged to recognize that hopes of an early decision in any theatre of the war must not be allowed to cause a letdown in their contribution to the war effort.

This Association calls upon its members to continue and increase the work they have so well begun and to spare no means of aiding all of the various war projects to which retailers are especially able to make contribution. To this end, retailers are especially urged to support to the limit of their capacity the sale of War Bonds in the coming Fourth Loan Campaign.

Retailers and Price Control

The members of the National Retail Dry Goods Association favor a firm and understanding system of Government Price Control as a necessary war measure for the purpose of stabilizing prices and preventing the development of disastrous inflation.

Therefore, since the existing Emergency Price Control Act will expire in June, 1944, we urge upon the Congress of the United States the vital need of prompt legislative action to insure the continuance of price control beyond the prospective expiration date.

It is the intention of this resolution, however, to indicate to the Congress the necessity of accomplishing this continuance of government price control through the enactment of a new Price Control Act in order that the true intent of the Congress may be established clearly, to the end that unfortunate friction and confusion may be avoided and more complete compliance may be secured.

To this end we set forth some of the points in connection with the control of prices which we believe should have the earnest attention of the Congress:

1. It will prove impossible to stabilize prices unless those elements of cost which are the foundation of the price structure are stabilized.

2. Price control should not be permitted to develop into profit control. Through the power of taxation the Congress is abundantly able to control profits.

3. Congress should insist upon the maintenance of the rights of citizens to appeal to the courts when they believe the acts of the Administrator exceed the authority delegated by Congress.

4. Legislation should be undertaken at once to permit of necessary public hearings at which the experience under the existing Price Control Act may be fully offered to the Congress, so that new legislation may be expected to prove an improvement over present law.

This Association hereby directs its officers and staff to place copies of this statement in the hands of each member of the House of Representatives and the Senate and to place at the disposal of the proper Congressional committees such information and experience as may be available.

Government Stock Piles

The increasing shortages in many lines of merchandise for civilian use, coupled with the abnormally high purchasing power of the public, have created a situation in which the threat of serious price inflation is always present, and black market operations are developing and expanding in many lines which, in spite of all the efforts of the Office of Price Administration, operate to defeat the government price regulations and the rationing of scarce necessities.

There is much reason to suppose that the stock piles of goods purchased by the government for use in the conduct of the war may have now reached a point where, in many instances, they appear to be greater than any conceivable need can justify. The disposal of government surpluses will constitute one of the major problems of the post-war period and thought should be directed toward the possibility of a partial distribution at this time.

The members of the National Retail Dry Goods Association therefore urge upon the War Production Board and other high officials of the Federal Government a coordinated and active policy of releasing from the stock piles of the government all such surplus of goods of a consumer-use nature as a careful re-inventorying of such stock piles may show are not likely to be required in the conduct of the war.

Copies of this resolution will be placed in the hands of the Honorable Donald M. Nelson, Chairman of the War Production Board, Economic Stabilization Director Vinson, other important government officials, and all members of the United States Senate and the House of Representatives.

Social Security

A. The National Retail Dry Goods Association favors Congressional action to freeze the Old Age Insurance tax rates to 1%. The Old Age Insurance funds now are far in excess of the estimated needs of the present and the near future.

B. The Association does not favor the extension at this time of the Federal Social Security Program as proposed by the Wagner Murray Bill, and takes the position that discussion of the advisability of extending this program should be postponed until after the restoration of peace.

C. The Association opposes any further degree of federalization of the Unemployment Insurance compensation system and urges the return of the Employment Office system to State control as soon as practicable.

D. The Association favors every proper consideration of the welfare of those who will be mustered out of the armed forces which will enable them to regain their places in civilian life, and favors the payment of a reasonable mustering-out sum by the Federal Government. Such payments should be made from funds appropriated for that purpose by the Congress. They should not be made from the Social Security funds.

The States should protect the benefit rights of all those who left civilian employment to enter the armed services, and they should be entitled to Unemployment Compensation until their accumulated rights have been exhausted.

Relations With Manufacturers

It is equally important to the future interests of manufacturers and retailers that the American consuming public shall be served as well in the matter of merchandise for their daily wants as circumstances will permit. Due to the likelihood of rapidly changing conditions during the coming months, it is the opinion of the National Retail Dry Goods Association that retailers generally should place termination dates on their orders.

The members of this Association recognize that manufacturers during these times are operating under difficulties and the majority of the retailers' resources merit the approval and thanks of the retailers for the splendid way in which they have met their problems and continued to supply goods to the stores with as little disturbance of established conditions of sale as has been possible.

The cooperation of the manufacturers is solicited in order that their retail customers may be kept in position to serve the public demands at all times with the best merchandise available.

War Damage Insurance

There are now pending in the Congress several bills the purpose of which is to authoriez the repayment to policy holders in the War Damage Corporation the excess of premiums paid above the claims and costs of operating.

The members of the National Retail Dry Goods Association favor legislation providing for such a refund on an equitable basis at the end of the war.

Pan American Society Elects Officers

Dr. Nicholas Murray Butler, President of Columbia University, and Gano Dunn, President of the J. G. White Engineering Corp., have been elected Honorary Presidents of the Pan American Society of the United States, it was announced on Jan. 20 by Frederick E. Hasler, President of the Society. James. S. Carson, Vice-President of American & Foreign Power Co., and Robert H. Patchin, Vice-President of W. R. Grace & Co., were elected Honorary Vice-Presidents.

The Society re-elected Mr. Hasler as President and Judge Otto Schoenrich as a Vice-President and elected two new Vice-Presidents—William A. Prendergast and James H. Drumm. Major R. W. Hebard and John J. Clisham were re-elected Treasurer and Secretary, respectively.

The Rev. Robert I. Gannon, President of Fordham University, was elected a Director along with Robert De Forest Boomer, Phanor J. Eder, Amos B. Foy, W. L. Hemingway, R. A. Hummel, C. R. McPherson, F. W. Nichol, William Sharpe, Maxwell M. Upson, C. S. T. Folsom, Thomas W. Palmer and Robert M. Field.

Heimann Urges Business Leaders To Improve Situation Of White Collar Worker

Advocates Change Of Attitude Toward Business By Govt.

Speaking in behalf of the so-called "white-collar class," Henry H. Heimann, Executive Manager-on-leave of the National Association of Credit Men, in his Monthly Business Review for January, made available Jan. 16, declared that "amid all the talk about increased national income," this "is one group of people for whom 1944 does not look too encouraging from a financial standpoint." Pointing out that these workers have been caught between a rapidly rising cost of living and a frozen wage level, Mr. Heimann says the "white collar employee seems in a helpless position; he is and has been the forgotten man." "But even the white collar man has endurance limitations," says the head of the credit organization for the larger industrial corporations of the country.

He further states "this white collar man desires a decent standard of living and has every right to aspire to share in some of the luxuries of life. There is little wonder that his patience is becoming a bit exhausted, and he no doubt, will be more articulate in the year ahead. You can rest assured that this year his situation will be constantly called to his attention by labor leadership. His group represents one of the nation's largest unorganized groups.

"It would seem judicious for business leadership to recognize his plight and do everything within its power to improve his situation. Voluntary action on the part of business leadership is preferable to forced action. There is not much time to waste."

In reviewing the business prospect for 1944 Mr. Heimann named seven important points which he sees as assets in the balance sheet for the year, viz.:

"1. The farmer will undoubtedly be prosperous throughout 1944—war or no war.

"2. To the extent critical material shortages are relieved, the vast backlog of civilian needs will fill the gap of any let-down in certain types of war production.

"3. The year just ahead will see the peak of liquidation of small business with a rising psychology in favor of the efficiently operated small business enterprise.

"4. There will be in preparation a large program in home construction to be partially undertaken when the first phase of the war is over.

"5. Railroads will come into the market for replacement material before the close of the war or as quickly as critical shortages are overcome and present war demands are partially satisfied.

"6. There will be credit in abundance for the deserving.

"7. Foreign trade will present broad possibilities as the press of hostilities slackens."

"However, the business picture is not entirely rosy," Mr. Heimann says, because there are several basic problems which he considers may cause no end of difficulty for industry if they are not properly solved. He names the following as among the outstanding problems:

"The need for fair and equitable settlement of terminated war contracts.

"A renegotiation policy that is fair-minded and far-sighted to the end that manufacturers who have done such a wonderful job in war production may start now to set aside funds for reconversion to peacetime production.

"Labor must become of age and take up a full partnership in the team with industry.

"There must be a change in the attitude of the government toward business, with the recognition that the old fable about killing the goose that lays the golden egg certainly applies to the government's attitude toward taxation of industry.

"The business world in 1944 will find abundant opportunities for an unprecedented production. In the year ahead business must be alert to its inventory situation, which on a peacetime demand is not only relatively high, but presents considerable maladjustment for peacetime needs.

"Finally, not the least of the business problems will be the reabsorption of the military forces when and if demobilization occurs as well as the reorientation of female employees.

"The challenge and opportunity to business in 1944 will be greater than it has experienced in its American history. Given a fair opportunity it will discharge its responsibility."

Renegotiation Power Not Needed Now With Tax Laws, Senator Hawks Declares

The need for continuing the law authorizing the Government to renegotiate war contracts has passed, in the opinion of Senator Hawkes (Rep., N. J.), who contended excess war profits could be recovered more fairly under tax laws.

In a statement issued on Jan. 22, Senator Hawkes granted the necessity for contract renegotiation during early stages of the war, when industry and government were unfamiliar with the cost of producing certain materials, but said that he believed that time had passed.

In Associated Press Washington advices as given in the New York "World Telegram", Senator Hawkes was further quoted as follows:

"We have now had two or three years experience in producing these things," he said. "Costs on most of them are known. Therefore, the necessity of renegotiation—if it ever existed—has from my point of view now disappeared.

"We have a taxing power in the United States and it is my contention that a sane, sound law could have been established which gave all concerns a right to make a certain fair profit in order to properly, fairly and patriotically feed the free enterprise system, the source from which most of our citizens derive their living.

"It is within the power of Congress to pass a law under which there could be no profiteering, and a rule under which there would be justice given to those engaged in free enterprise who had, prior to the war, found it difficult to make any profit and yet, who in the war have served a great purpose.

"No decent American citizen wants to make blood money, and certainly I passed through an experience in losing my only son in the armed forces which should stop anybody from claiming that my argument in behalf of a fair deal for business is based upon the objective of making blood money."

Uncertainties resulting from the renegotiation law, the Senator argued, destroy the "force and virility" of the American business and industrial system. He contended that concerns holding war contracts which had not been renegotiated would be unable to obtain loans from banks with which to conduct business and prepare themselves to handle post-war re-employment.

National Service Law Advocated By Stimson As Means Of Hastening End Of War

Declares Soldiers Resent Industrial Unrest And Demand Equal Liability For Civilians

Declaring that national service "will be the means of hastening the end of this war," Secretary of War Stimson urged Congress on Jan. 19 to enact immediately a national service law in order to get at the "basic evil which produces the irresponsibility out of which stems strikes, threats of strikes, excessive turnovers, absenteeism, and the other manifestations of irresponsibility with which we are now plagued."

Testifying before the Senate Military Affairs Committee, Secretary Stimson said that "the industrial unrest and lack of a sense of patriotic responsibility" in large numbers of the population "has aroused a strong feeling of resentment and injustice among the men of the armed forces." He added that the "evident remedy is for the nation to make clear in no uncertain terms the equality of obligation of its citizens," warning that "it will be tragic indeed if the discontent and resentment felt by our gallant soldiers on the fighting fronts burns deeply and festers in their hearts."

Secretary Stimson believes that the law will produce the following results:

"First and foremost, it will minimize the calling of strikes by clarifying the patriotic duty of the individual worker. In the Austin-Wadsworth proposal now before this committee this moral duty has also behind it the force of appropriate legal sanctions and penalties.

"Secondly, it will remedy the grave sense of injustice which the armed forces now feel have been practiced against them. This is irrefutable and, as I have pointed out, is most pregnant with danger.

"Thirdly, it will point out to civilian war workers that they are working for their country in the civilian ranks and that their responsibility is just as definitely recognized by the nation as that of soldiers on the front. By and large this will tend to powerfully heighten his morale in the winning of the war.

"Fourthly, it will tend powerfully toward increasing effectiveness in production when the government itself takes a hand, not only in keeping men on necessary jobs, but also in finding men for particular jobs where they are especially needed, rather than leaving the choice to chance."

In his testimony Secretary Stimson also had the following to say regarding the Army's attitude toward labor unrest:

"I believe it is hazardous to belittle the effect which such a situation will have upon the ultimate welfare of our democracy.

"If it continues, it will surely affect the morale of the Army. It is likely to prolong the war and endanger our ultimate success; and, when those troops come back to us again at the close of the war and we are faced with the acute problem of demobilization it may have an effect upon the future unity of our nation which is disturbing to contemplate . . .

"Our democracy has been founded upon a basis of equality and justice. I tell you that today the men in the armed forces are beginning to believe that they are being discriminated against in a matter which is one of fundamental justice as between man and man. There is danger that under the influence of that feeling they will not give even fair recognition to the tremendous production effort which has actually been accomplished by the great majority of American management and labor . . .

"Every month the war is prolonged will be measured in the lives of thousands of young men, in billions of dollars. The attrition in man power and in our national wealth will be felt for generations if this conflict is prolonged. National service is the one weapon we have neglected to use. Posterity will never forgive us if we sacrifice our plain duty to a desire for creature comforts or for private gain.

"It will be tragic indeed if the discontent and resentment felt by our gallant soldiers on the fighting fronts burn deeply and fester in their hearts. Unless we set forth boldly to stamp it out, the hot flame will destroy some of the great love of country which, alone, can make a man endure the hardships, the pain and the death, which service above self offers him.

"The voices of these soldiers speak out very clearly today in demanding that all Americans accept the same liability which a soldier must accept for service to his country. They are far away now, but some day they will return. I hope they will come back eagerly, feeling that the hardship and the sacrifice have been worth while. I hope they may feel that those who will never come back have not made their sacrifice in vain.

"To me it appears to be the plain duty of the Congress to give our troops the all-out necessary backing. It seems to me time for all pledges to be redeemed in acts which, alone, can prove the sincerity and the determination of this great nation."

Post-War Outlook Survey Published

Of current interest to bankers and others interested in post-war problems is a new book published by Harper & Brothers. New York, and edited by W. R. Kuhns, Editor of the magazine "Banking," journal of the American Bankers Association, entitled "The Return of Opportunity." The volume is a round-up of opinion by 150 leaders in agriculture, business, finance, education, and other professional life, reviewing the impact of war forces on their fields of endeavor and the pattern for the future. These leaders of business and professional life tell in simple, straightforward terms what they think the prospects are for jobs and careers, and they paint withal an encouraging outlook.

Contributors include Charles T. Kettering of General Motors, who writes on research, Clarence Francis, President of General Foods Corp., Walter D. Fuller, President of the Curtis Publishing Co. Will H. Hayes, President, Motion Picture Producers and Distributors of America, Paul G. Hoffman, President of the Studebaker Corp. and head of the Committee for Economic Development, and Alfred P. Sloan, Chairman, General Motors Corp.

Of more particular interest to banker readers are contributions by 14 of their colleagues. A. L. M. Wiggins, President of the American Bankers Association, who publishes the "Hartsville, S. C., Messenger," writes about the outlook for country newspapers under the title, "Country Newspapers Seldom Die"; W. L. Hemingway, immediate past A. B. A. President, sees opportunity in post-war trade in Latin America; C. W. Bailey, President of the First National Bank, Clarksville, Tenn., writes of the place of country banks in the American economy; Philip A. Benson, Past President of the A. B.A., describes the promising outlook of savings banking as a career; Dr. Harold Stonier, Executive Manager, American Bankers Association and Director, The Graduate School of Banking, sees progress being stimulated in education; Frederick E. Hasler, Chairman of the Continental Bank & Trust Co., New York, stresses the need of carefully planning and cultivating good trade relations with Latin America. Other banker contributors include:

F. A. Carroll, Vice-President and trust officer of the National Shawmut Bank of Boston; Kenton R. Cravens, Vice-President of the Mercantile-Commerce Bank & Trust Co., St. Louis; Joseph E. Hughes, President of the Washington Irving Trust Co., Tarrytown, N. Y.; Gwilym A. Price, until recently President of the Peoples - Pittsburgh Trust Co., Pittsburgh; Herbert V. Prochnow, Assistant Vice - President, The First National Bank of Chicago; Joseph C. Rovensky, Vice-President, The Chase National Bank of New York; C. M. Short, Supervisor of Research, The Canadian Bank of Commerce; Arthur R. Upgron, Vice-President and Economist, Federal Reserve Bank of Chicago. The book sells for $3.

The News Behind The News

(Continued from first page)

lost even if the war fails to come to an obliging conclusion.

The names of Congressmen can be identified in their home localities with the projects, and local contractors may lick their lips.

"We all know that a public works program will be necessary," Rayburn said—which may be true as far as the hungry Congressmen and mayors are concerned—but a non-political analyst may well dissent. The Keynes theory on which the whole politico-economic idea is based is that by spending for these projects, and financing them through federal borrowing, an inflationary effect is wrought. That is how this public works notion got started early in the New Deal.

But now the problem is the opposite—that is to prevent inflation and to face the staggering war debt of $200,000,000,000 with a sensible eye toward paying it off (as Mr. Roosevelt has promised).

The Government certainly will not attempt to borrow for pork in post - war because its primary problem is to pay the interest on the debt as big as it already is. Also, it will not seek artificial inflationary respiration in an economic system already war-inflated with high prices and wages —or need any artificial respiration in view of the tremendous backlog of consumer demand for every implement of living from matches to automobiles.

Inflation would only run wages-prices higher and higher (Mr. Roosevelt is now fighting a major battle with Congress to hold them down), and thus cause future continuous dislocations such as those from which our economy already is suffering so painfully (strikes, OPA, black markets, etc.).

There is no economic justification for a spending program; in fact, conditions demand an opposite course—Federal direction to stimulate private business to the tremendous extent necessary to finance the $5,000,000,000 annual interest on the debt and provide Government running expenses without further Treasury borrowing.

Indeed, the sound way to do it would be—as Mr. Roosevelt himself has suggested — to raise enough money by taxes to go further and retire part of the war debt.

Now if Messrs. Wallace and Rayburn intend to get these untold billions for pork out of post-war taxation, they may find themselves in political water as hot as the economic water.

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Unemployment Ahead?

(Continued from first page)

or profitably under peacetime conditions if still subject to present Government regulation, control and ruinous taxes. Our men at war are fighting for economic freedom and full opportunities for all peoples. Surely our own country should set the example.

Draftees expect and are legally entitled to their old jobs back. If, however, Washington fumbles its post-war plans as it is now fumbling the current domestic economy, these boys may be out of luck. No further time should be wasted in changing, wherever expedient, to peace time production. Many businessmen have felt that the cancellation of war contracts would be only a post-war problem. It is already in their laps. If the war ended suddenly on all fronts, Washington authorities would immediately cancel seventy-five billions more orders!

Character of Government Planning

Most of Washington's present post-war planning is in the nature of social security benefits and public spending. It will be up to the voters to decide what kind of a post-war era they want. They should elect to office, from the bottom up, men and women conscious of the part that business has played in bringing about the defeat of the Axis Powers. This same business group is capable of winning the domestic battle for a profitable peacetime economy if Washington will let them.

For political reasons there is a lack of any definite statement at Washington as to what is to be done to help businessmen re-supply the millions who are being discharged as war contracts are cancelled. The White House apparently has lost all interest in the people of the United States. Besides, too many in Washington fear that if they relaxed their present harmful controls over business and employment, then there would be no Washington job left for them! They would have to go back home and earn an honest living! This they dread to do!

Encouraging Factors

Political parties, bureaucracies and governmental controls can do much to help or discourage employment by their treatment of business in general. Therefore some show of understanding and straightforward consideration of manufacturers' and other businessmen's problem is overdue from Washington. Certainly I do not see how many Democrats (other than the President himself) can expect re-election next November with country flooded with unemployment.

Yet such unemployment is not necessary. Farmers will be prosperous during 1944 and will constitute a ready market. Civilian goods shortages should help small businesses if the bureaucrats would only use a little common sense. Programs for the re-establishment of residential construction should at once get underway. The railroad equipment business should be encouraged. Money rates will remain low and abundant credit will be available for those justified in seeking it. As the end of the war draws nearer, opportunities will arise in foreign trade, travel and in the resort business. Yes, 1944 can provide much useful and profitable work if Washington and the labor unions would only help in pulling the cart instead of tying the wheels.

Fulton Trust Co. Net $200,960 In 1943

Arthur J. Morris, President of the Fulton Trust Co. of New York, reported on Jan. 19, at the annual meeting of stockholders, that the bank's net current operating earnings for year 1943 were $200,960, or $10.04 per share, compared with 188,876, or $9.44 per share in 1942. Those earnings, Mr. Morris said, do not include net profits of $37,893 on sales of securities. Mr. Morris further reported that the trust company's deposits for the year averaged $30,400,000, the peak being $37,942,000, and on Dec. 31, 1943, were $31,789,000, as compared with $30,800,000 on Dec. 31, 1942. He explained that while the deposits at the end of the year were down from the high point, the average deposits for 1943 exceeded the average for the previous year by $2,350,000.

"In our portfolio," said President Morris, "our investments in Government securities at the end of the year totaled $25,600,000, an increase over the previous year of $3,500,000. These bonds have a maturity to the first call date as follows: 38¾% in 1 year; 37½% from 1 to 5 years; 22¼% from 5 to 10 years; 1.5% over 10 yaers. The average mautrity is 4 years. Our investments in Government bonds," he added, "represent 69% of our total resources." He added that "during the year, our customers purchased through us United States Government securities to a total of $23,592,000. Of that amount there were investments totaling $240,000 in War Savings series E bonds in addition to those sold during the Second and Third War Loan Drives."

At the stockholders meeting of the Trust company the following were elected directors for the term ending January, 1947: John D. Peabody, Lewis Spencer Morris, Stanley A. Sweet, Bernon S. Prentice, Franklin B. Lord and Stephen C. Clark. The following were elected as Inspectors of Election for 1945: F. Ashton de Peyster, Matthew G. Ely and Walter N. Stillman.

U. S. War Casualties Total 139,858

The latest announced casualties of the United States armed forces from the outbreak of the war total 139,858, the Office of War Information reported on Jan. 15.

According to the OWI, this total, arrived at by combining the latest available War and Navy Department reports, includes:

Dead, 32,078; wounded, 45,595; missing, 32,478; prisoners of war, 29,707. Of these, 1,619 have died in prison camps, mostly in Japanese-occupied territory.

The OWI announcement further said:

"The War Department report (as of Dec. 23, 1943) shows Army casualties totaling 105,229. Of this number 13,831 were killed, 38,916 wounded. There were 24,067 missing, 25,415 prisoners of war. Of the wounded, 20,036 have returned to active duty or been released from the hospital. The casualties include 12,500 Philippine Scouts; of these 469 were killed, 747 wounded and the remainder are assumed to be prisoners of war.

"The Navy Department report (as of Jan. 14, 1944) shows casualties whose next of kin have been notified, totaling 34,629, made up of 15,247 dead, 6,679 wounded, 8,411 missing, 4,292 prisoners of war. These were divided as follows:

	Navy	Marine Corps	Coast Guard
Dead	11,935	2,996	316
Wounded	3,125	3,476	78
Missing	7,676	688	47
Prisoners of War	2,343	1,948	1
Totals	25,079	9,108	442

N. Y. State Factory Employment Shows First Major Decline Since June, 1942

Between November and December, factories in New York State experienced their sharpest employment decline in eighteen months. Industrial Commissioner Edward Corsi reported on Jan. 13 that employment decreased 1.2% and payrolls declined 2.5% for the period. It is the first time in four years that employment has decreased in December and the first time in six years that payrolls have dropped in that month. Many plants reported that illness among workers was the reason for lower employment figures this month. It is impossible to tell at this time whether the drop in employment for December, which is in itself not very large, marks the end of the period of stable employment which has prevailed in the State for the past eight months. From the advices we also quote:

"Declines were general among the various industrial groups in both the war and civilian goods categories. Lumber, printing and rubber were the only industrial groups to have increased employment during the month. Seasonal factors caused employment declines in the food and apparel industries.

"The index of factory employment, based on the average of 1935-1939 as 100, dropped from 161.4 in November to 159.5 in December. The corresponding payroll index dropped from 304.3 in November to 296.7 in December and average weekly earnings from $46.73 in November to $46.23 in December. Employment was 2.3% higher this December than it was in December, 1942, and payrolls were 13.6% greater. Preliminary tabulations covering reports from 2,687 manufacturing firms throughout the State are the basis for the above statements These tabulations were compiled by the Division of Statistics and Information under the direction of Dr. E. B. Patton."

The Department's announcement further stated:

"The food industry had an employment decrease of 4.2% this month, the largest drop of any of the major industrial groups. Payrolls declined 4% for the industry. Curtailment of forces was evident among canneries, bakeries, sugar refineries, candy factories and beverage plants. Additional workers, however, were hired by the producers of meat, dairy and grain-mill products.

"In the apparel industry, manufacturers of men's clothing and furnishings reported fewer employees and lower payrolls. Many small dress firms employed more people but the large modiste shops had fewer workers. Seasonal declines were evident in the production of women's suits, coats and skirts, underwear and neckwear; also children's clothing and fur goods. Millinery was the only branch of the industry to show an increase. For the group as a whole employment decreased 1.2% and payrolls were 0.5% smaller.

"Notable employment and payroll declines were shown in the paper and stone, clay and glass industries. In the leather industry, manufacturers of shoes, gloves and handbags curtailed operations. Other industries which reported decreased employment and payrolls this month were textiles, chemicals, tobacco and petroleum.

Losses in War Plants

"Employment dropped in plants manufacturing munitions, armaments, electrical and communication equipment, scientific instruments and photographic supplies. Smelters of nonferrous metals, shipbuilders and manufacturers of all kinds of machinery also had fewer workers. Steel mills reported less activity partially because of strikes. Aircraft plants had about the same number of employees. For the metals and machinery group as a whole, employment dropped 1% while payrolls declined 2.8%.

New York City

"There were general employment decreases in New York City factories during the past month. The industries most affected were food, paper and stone, clay and glass. All branches of the food products group showed employment declines except meat packing.

"Seasonal factors affecting the apparel industry caused a drop of 1.1% in employment for the group. Manufacturers of men's, women's and children's clothing reported fewer employees and lower payrolls for the month. The only exceptions were women's dress firms and milliners, who are starting work for the new season. Payrolls in these two branches increased enough to offset declines in the others, resulting in an advance of 0.4% for the apparel industry as a whole.

"An employment decline of nearly 1% in the metals and machinery group in the City was the first drop since June, 1942. Payrolls were 2% lower. Employment dropped in plants making scientific instruments, communication equipment and in shipbuilding. Aircraft plants in the city hired additional workers.

Upstate Districts

"Employment dropped in all of the upstate industrial areas except the Binghamton - Edicott-Johnson City district, where it increased 0.3%. Slight gains in war plants were responsible for the increase. Payrolls were practically the same for the district, with slight decreases in war plants and slight increases in the shoe industry. Payrolls were considerably lower in the other six areas.

"In the Albany - Schenectady-Troy district, decreased employment at war plants as well as in the textile, clothing and paper industries accounted for a drop of 1%. Payrolls were 2.3% lower. In Rochester, losses in the photographic and optical goods industries were largely responsible for decreased employment and payrolls. In the Kingston-Newburgh-Poughkeepsie district, employment decreases were general in all industries; payrolls were silghtly higher in war plants and clothing factories, but losses in textiles and other industries more than offset these gains.

"Employment losses among war industries in Buffalo and Syracuse were largely responsible for the declines in these districts. In the Utica area, both employment and payrolls were lower in all of the industrial groups."

FDR Deeds Hyde Park To U. S.

President and Mrs. Roosevelt have deeded the family homestead and 33 acres of land at Hyde Park to the United States Government for use as a "national historic site." The President and Mrs. Roosevelt signed the deed on Dec. 30 in Washington and Harold L. Ickes, Secretary of the Interior, accepted the gift on Dec. 31. The papers have been filed in Duchess County Court at Poughkeepsie, N. Y.

In Associated Press advices of Jan. 3, the following was reported:

The President presented the Roosevelt library and 16 acres of land to the Federal Government on July 24, 1939. The new title transfer grants the President and his immediate family use of the home during their lifetimes and provides that town, county and State taxes shall be paid by the Roosevelts.

The deed gives the government the entire frontage of the original 110 acres bought by the President's father, James Roosevelt, on the Albany Post Road in 1867, but the President retains about 60 acres between the house and the Hudson River.

From Poughkeepsie advices Jan. 3 to the New York "Times" we quote:

The deeding was the second to the government from the original Joseph W. Wheeler estate which James Roosevelt, father of the President, bought in 1867.

The site deeded includes all that part of the estate bordering the Albany Post Road, spacious grounds in front of the famed Roosevelt residence. The President has reserved for himself and his family 60.46 acres of the original Wheeler estate, the tract being between the house and the Hudson River. First gift consisted of 16.31 acres for the Roosevelt Memorial Library.

The President has reserved right to retain use of the estate as long as he lives and further has reserved the right of occupancy for Mrs. Roosevelt and their five children as long as they live.

* * *

Under his reservation as "a life tenant," Mr. Roosevelt will keep the premises in good condition and repair and there will be "no expense to the United States in connection with ordinary maintenance."

The President set forth that "acceptance by the United States shall not exempt the premises from taxation by the town, county and State, except that the United States shall have the right to make changes, modifications and improvements during existence of the life estate, but such improvements shall not be subject to taxation during the life existence of the life tenant."

The deed also specified that the premises "shall be maintained in a condition as near as possible to the condition of residence and ground prevailing at the expiration of the life estate of Franklin D. Roosevelt."

Prisoners of War Mail

Postmaster Albert Goldman of New York City advises that information has been received from the Post Office Department that the International Red Cross reports that in many cases senders of letters to prisoners of war place the name and address of the addressee too near the upper edge of the envelope, thus resulting in their partial obliteration by the postmark and rendering it practically impossible to decipher the name of the prisoner of war concerned. Mailers are urged to place the address as near the lower edge of the envelope as possible. The advices from the Postmaster Jan. 11 further said:

"It is also desired to call attention to the fact that letters for prisoners of war in Europe may be sent by air mail when fully prepaid at the rate of 30 cents for each half ounce or fraction, except letters for prisoners of war in Italy for which air mail service is not available at this time.

"The Post Office Department also advises that parcels originating in this country for prisoners of war held in camps in this country should hereafter be addressed and sent directly to the camps where the addressees are held, and should not be addressed via New York. Such parcels should be addressed in the following manner: John Jones, Prisoner of war, (Insert Name of Camp, Post Office and State). This does not apply to domestic letter or card mail addressed to prisoners of war held in camps in this country, or to letters and parcels addressed to prisoners of war confined in enemy or enemy-occupied countries, which are still required to be addressed via New York."

Net Operating Earnings Of Manufacturers Trust Reported At $7,202,416 In 1943

Henry C. Von Elm, Vice-Chairman of the Board of Manufacturers Trust Company of New York, who presided at the Annual Meeting of Stockholders on Jan. 12 in the absence of Harvey D. Gibson, President, who is in London serving as Commissioner for the American Red Cross in the European Theater of Operations, reported that net operating earnings for the year 1943 had amounted to $7,202,416 after current operating expenses, preferred stock dividends and reserve of $1,500,000 set up out of earnings. This compares with net operating earnings of $6,646,613 shown for the year 1942.

Of the total earned in 1943, $3,299,838 was paid in dividends to common stockholders. At the end of 1943 Surplus and Undivided Profits was $48,344,466 as against $44,898,302 at the end of 1942. Excess of profits over losses from the sale of securities amounted during 1943 to $2,055,784, which was credited directly to reserve account. Recoveries from items heretofore charged off totalling $1,142,644, less the taxes payable thereon, were also credited to reserve account. The bank disposed of miscellaneous assets at an aggregate net loss against book value of $172,083.

At the end of 1943, the bank's deposits amounted to $1,580,909,261, which included United States Government War Loan Deposits of $133,098,432. This gross amount was $258,488,455 more than a year ago. After deducting War Loan Deposits account from the gross amount, normal deposits on December 31, 1943, showed an increase of $281,390,000 over the corresponding day in 1942, and a total gain of $491,422,000 or 51% in the last two years.

At the end of the year, the bank's total resources aggregated $1,682,356,909. Capital funds, which include preferred and common stock, and surplus and undivided profits, amounted to $89,650,526, as compared with a total of $86,496,282 as of the end of 1942. This represents an increase of $3,154,245 during the year after the redemption of $750,000 of preferred stock. The bank now has outstanding 415,382 preferred shares having a par value of $20 a share, the redemption price of which after January 15, 1944, will be $50 a share plus accumulated dividends.

Mr. Von Elm explained that although banks throughout the country have placed hundreds of millions of dollars into Regulation V loans, advances to commercial borrowers, taken as a whole, have declined considerably. This, he said, has resulted mainly from (a) the use as temporary working capital of the accrued amount of Federal Income and Excess Profits Taxes, not yet due and payable, (b) the purchase by the Government of various raw materials and commodities for war purposes, and the decline in consumer goods inventories, (c) Governmental restrictions covering instalment sales, and (d) direct Government advances on war contracts. He stated that the loan requirements of many of the bank's larger commercial borrowers, who are engaged in war production, have been taken care of principally through Regulation V loans and V.T. loans. The bank's commitments to make advances under these two types of loans aggregate many millions of dollars, and although these commitments are only partially used at this time, commitment commissions are received on the unused portions.

Mr. Von Elm reported that the bank's holdings of United States Government securities increased during the year from $635,564,409 to $887,436,948. This increase, he indicated, was made possible by the marked expansion of deposits, and the elimination of excess cash reserves through purchases of the 90-day discount bills of the Government, which are readily convertible into cash, and thus constitute an excellent secondary cash reserve.

At the close of the year, the schedule of maturities of the bank's holdings of Government bonds to call date was as follows: from 1 to 5 years hence, 61.21%; 5 to 10 years hence, 38.79%. The average maturity was 3 years and 8½ months. Bonds and FHA mortgages purchased above par were amortized in the amount of $2,812,278 in 1943 as compared with $2,698,981 in 1942. These amounts were reduced through the recapture of amortization on such items sold in 1943 by $38,422 and in 1942 by $202,879.

In a special message from the American Red Cross Headquarters in London, read at the meeting by Mr. Von Elm, Mr. Gibson described in glowing terms some highlights of the work of the American Red Cross in Great Britain, laying special emphasis on the service clubs for men on furlough which accommodate 125,000 and more weekly, the aviation rest homes for flyers who return from combat, the clummobiles staffed by Red Cross girls which visit isolated spots, and the Red Cross field directors who visit soldiers on the battlefields and in the military hospitals.

December Business Failures Show Decline

December business failures are lower in both number and amount of liabilities involved than in November this year and in December, 1942. Business insolvencies in December, according to Dun & Bradstreet, Inc., totaled 145 and involved $2,055,000 liabilities as compared with 155 involving $2,402,000 in November and 506 involving $6,950,000 in December a year ago.

The decrease in the number of failures in December from November took place in all of the divisions of trade into which the report is divided except the wholesale and commercial service groups. When the amount of its liabilities is considered the manufacturing and retail groups show smaller liabilities involved in December than in November while the remaining groups had more liabilities.

Manufacturing failures last month numbered 28, involving $839,000 liabilities, compared with 31 in November with $1,211,000 liabilities. Wholesale failures increased to 16 from 11 and liabilities from $180,000 to $217,000. In the retail trade section, insolvencies were lowered from 78 to 63 and liabilities from $658,000 to $561,000. Construction failures numbered 20 with $247,000 liabilities in December, which compares with 26 with $206,000 liabilities in November. Commercial service failures amounted to 13 in December as compared with 9 in November and liabilities $191,000 in December against $147,000 in November.

When the country is divided into Federal Reserve Districts it is seen that the Boston, New York, Cleveland, Chicago and St. Louis reserve districts had fewer failures and the Philadelphia, Richmond and San Francisco Reserve Districts had the same number of failures while the remaining districts all had more failures in December than in November. When the amount of liabilities is considered it is found that with the exception of the Philadelphia, Minneapolis, Dallas and San Francisco Reserve Districts, all the Federal Reserve District had a smaller amount of liabilities involved in December than in November.

President Sends Congress Post-War Highway Plan Covering 34,000-Mile Nelwork Of Roads

President Roosevelt submitted to Congress for its favorable consideration on Jan. 12 a report recommending a national system of inter-regional highways covering approximately 34,000 miles. Development of the program, deemed "essential to the future economic welfare and defense of the nation," will involve an estimated cost of $750,000,000 annually, to be almost equally divided between urban and rural sections of the system.

The program was developed by the National Inter-Regional Highway Committee, which the President appointed in April, 1941, to investigate the need for a limited system of national highways and the possibility of using manpower and industrial capacity expected to be available at the end of the war.

The report said the construction would provide direct and indirect employment for 2,000,000 men after the war.

The text of the President's message to Congress, which accompanied the report, follows:

To the Congress of the United States:

On April 14, 1941, I appointed a committee, known as the National Inter-Regional Highway Committee, to investigate the need for a limited system of national highways to improve the facilities now available for inter-regional transportation, and to advise the Federal Works Administrator as to the desirable character of such improvement, and the possibility of utilizing some of the man power and industrial capacity expected to be available at the end of the war.

The committee, with the aid of a staff provided by the Public Roads Administration, made careful and extended studies of the subject and has submitted to me its final report, which I transmit herewith and commend to the favorable consideration of the Congress. The report recommends the designation and improvement to high standards of a national system of rural and urban highways totaling approximately 34,000 miles and inter-connecting the principal geographic regions of the country.

The recommended system follows in general the routes of existing Federal-aid highways, and when fully improved will meet to optimum degree the needs of inter-regional and inter-city highway transportation. Its development also will establish a transcontinental network of modern roads essential to the future economic welfare and defense of the nation.

While the annual rate of expenditure to accomplish the improvement of the rural and urban sections of the system over a reasonable period of years will be dependent upon the availability of man power and materials, and upon other factors, the required expenditure is estimated at $750,000,000 annually. The over-all expenditures would be approximately equally divided between urban and rural sections of the system.

The improvement of a limited mileage of the most heavily traveled highways obviously represents a major segment of the road replacement and modernization program which will confront the nation in post-war years, in rural and urban communities alike. The committee found that the national network outlined in its report comprises only 1% of the total road mileage of the United States but carries 20% of the total travel.

Continued development of the vast network of rural secondary roads and city thoroughfares, which serve as feeder lines and provide land-access service, likewise has an important place in the over-all program, together with the repair or reconstruction of a large mileage of Federal and state primary highways not embraced within the inter-regional network.

I commend especially to the consideration of the Congress the recommendation that minimum standards of design and construction be established cooperatively with the states for all projects embraced within a designated inter-regional system. This, it seems to me, is wise planning procedure, assuring the orderly development of the facilities which are necessary in the public interest with maximum long-range economy. By Public Law 146, Seventy-eighth Congress, Section 5, Commissioner of Public Roads Thomas H. MacDonald, was authorized and directed to make a survey of the need for a system of express highways throughout the United States, the number of such highways needed, the approximate routes which they should follow and the approximate cost of construction, and to report to the President and to Congress, within six months after the date of the act, the results of the survey, together with such recommendations for legislation as deemed advisable. The act was approved on July 13, 1943.

The purposes of this directive by the Congress were identical with my own in requesting the investigation which has been made by the National Inter-Regional Highway Committee. The Commissioner of Public Roads has served as the chairman of the committee appointed and the detailed investigations required have been made by the Public Roads Administration staff. The Commissioner of Public Roads has informed me that he concurs without exception in the report of the committee, and desires that it be accepted as his report, complying with the direction of Congress in Public Law 146.

I am glad to endorse this suggestion, and ask that the Congress receive the report herewith transmitted as fulfilling the purposes of Congress in the directive laid upon the Commissioner of Public Roads.

Early action by the Congress in authorizing joint designation by the Federal government and the several state highway departments of a national system of inter-regional highways is desirable in order to facilitate the acquisition of land, the drawing of detailed project plans, and other preliminary work which must precede actual road construction.

These advance steps taken, the program can serve not only to help meet the nation's highway transportation needs, but also as a means of utilizing productively during the post-war readjustment period a substantial share of the man power and industrial capacity then available. A program of highway construction will, in addition, encourage and support the many diverse economic activities dependent upon highway transportation.

From personal experience as Governor of a state and as President, I hope that the Congress will make additional studies in regard to the acquisition of land for highways.

In the interest of economy I suggest that the actual route of new highways be left fluid. It is obvious that if a fixed route be determined in detail the purchase of rights-of-way will immediately rise, in many cases exorbitantly; whereas, if two or three routes — all approximately equal — are surveyed, the cheapest route in relation to rights-of-way can be made the final choice.

Second, experience shows us that it is in most cases much cheaper to build a new highway, where none now exists rather than to widen out an existing highway at a cost to the government of acquiring or altering present developed frontages.

As a matter of fact, while the courts of the different states have varied in their interpretations, the principle of excess condemnation is coming into wider use both here and in other countries. I always remember the instance of the farmer who was asked to sell a narrow right-of-way through his farm for a main connecting highway. From an engineering point of view it would have been as feasible to build the new highway across the dirt road that ran in front of his house and barn. Actually the owner received from a jury an amount equal to the whole value of the farm. The road was built. The owner of the land thereby acquired two new frontages. He sold lots on one frontage for the former value of his farm. A year or two later he sold the other frontage for the full value of his farm. The result was that he still had his house and barn and 90% of his original acreage, and in addition he had received, in cash three times the value of what the whole place was worth in the first instance.

It hardly seems fair that the hazard of an engineering survey should greatly enrich one man and give no profit to his neighbor, who may have had a right-of-way which was equally good After all, why should the hazard of engineering give one private citizen an enormous profit? If there is to be an unearned profit, why should it not accrue to the government — state or Federal or both?

FRANKLIN D. ROOSEVELT.
The White House, Jan. 12, 1944.

Frank Creedon Joins Stone & Webster Engineering Corp.

Stone & Webster Engineering Corp. announces that Mr. Frank R. Creedon has become associated with the corporation as construction manager.

Mr. Creedon, prior to joining the Stone & Webster organization, was associated with Mr. William M. Jeffers as Assistant Deputy Rubber Director in charge of the plant construction program of the Rubber Administration and later with Col. Bradley Dewey as Assistant Rubber Director.

Immediately prior to the assumption of his duties with the Rubber Administration, he was for three years chief of the Munitions Plant Section, Office of Chief of Engineers, U. S. Army, charged with the executive direction of the nation-wide construction program of the Engineer Corps of the War Department for the production of explosives and armament and facilities for the training of troops.

Mr. Creedon is a graduate of Massachusetts Institute of Technology and much of his earlier experience in the construction industry was obtained from association with the Aberthaw Co., the Morton C. Tuttle Co. of Boston and with the Government program for emergency construction during the depression period.

Mr. Creedon's experience in recent years in connection with the important construction work of the War Department and of the Rubber Administration has resulted in an intimate knowledge of conditions affecting the construction industry and of procedures which have been established for the execution of the unprecedented war construction program required by Government agencies. His present activity with Stone & Webster Engineering Corp. will be in connection with a large Government project which is now under way.

Federal Control Over Insurance Would Render Entire Industry Static, Says Jones

Federal control over insurance would render the entire industry static and unimaginative, and it would eventually find itself inextricably enmeshed in the net of Washington bureaus, Paul F. Jones, Illinois Director of Insurance, told more than 300 leading lawyers in Chicago on Jan. 11 at a panel discussion on "Federal Supervision of Insurance," sponsored by the Chicago Bar Association.

Reviewing the 75-year history of the debate over the merits of Federal control and State supervision over insurance, Mr. Jones undertook to belie claims that have been made that State supervision has stifled the industry. He cited the growth of numerous Illinois companies that began as small ventures and have grown to become national leaders.

"You must not expect me to be enthusiastic over the 'ordeal of a New Deal' for insurance," said Mr. Jones.

Mr. Jones stated in part:

"The question of Federal supervision has been debated for over 75 years. In the early history of insurance development in this country there were those of the industry who sought Federal control as an escape from the conflicting laws of the several States in which they did business.

"In 1869 the issue was presented to the United States Supreme Court and it was then held, in the case of Paul vs. Virginia, that insurance was not commerce. Since that time the Court has many times reaffirmed the principles announced in that early decision and Congress has always regarded insurance as a proper subject for State supervision and control.

"The industry under the supervision of the States has kept pace with changing conditions and the phenomenal growth of the country. From the original marine and fire coverage, it has been expanded to cover almost every conceivable hazard and risk. So far as I am informed, no one claims that insurance protection is unavailable or inadequate.

"Nor is it claimed that the States have stunted the growth of insurance companies. The record speaks for itself. In the aggregate the assets of life insurance companies have increased from $6,847,000,000 to $39,000,000,000 in the past 25 years.

"It is further safe to say that the insurance industry under State supervision has as good a record, from a financial point of view, as any institution in the country, Federal or State, and certainly better than most, including Federal banks.

"Competition has been keen throughout the entire history of the business. . . . There are over 1,000 companies licensed to write insurance in the State of Illinois, —they range from the giant life and fire companies to the small fraternals of racial and religious groups and the county and township mutual fire insurance companies of the farmers.

"The opportunity of free enterprise has not been stifled. In Illinois our domestic companies have competed successfully with the older and larger companies in the East.

* * *

"Insurance under State supersivion has been free to expand its services in keeping with the growth of the country; has been sound from a financial standpoint; has been protected against monopolistic influences calculated to stifle competition; and has inspired the confidence of the people throughout the Nation.

"At the moment, however, the relative merits of Federal and State supervision are again under debate and the Supreme Court will soon reconsider the question as to whether or not insurance is commerce within the meaning of the United State Constitution. The Department of Justice is urging the Supreme Court to reverse the long line of decisions following Paul vs. Virginia, and thereby open the way for Federal supervision. If such should occur, the Nation's 67,000,000 policyholders must decide, through their elected Representatives, whether a dual control over the business of insurance is necessary and wise.

"In approaching that decision it is reasonable that one should review the history and accomplishments of the National Association of Insurance Commissioners. This organization was formed in 1871 for the purpose of establishing uniform practices in the matter of State supervision. The Insurance Commissioners of each State, territory, and insular posession constitute its membership. For over 70 years this organization has continued to meet and deliberate on problems common to all. The result has been one of the most striking examples of cooperative action in the history of our country's development. Uniform statement forms have been in use for more than half a century. A common system for the valuation of securities and a method of examination based on cooperation has been in practice for many years. Reciprocity amongst the States has enabled insurance companies doing business throughout the Nation to function efficiently and well. The industry itself has at all times demonstrated the finest spirit of cooperation and has contributed much to the success of this voluntary effort.

* * *

"The remote, impersonal and mechanical supervision of the Federal Government would, in my opinion, finally result in a monopoly of the so-called 'silk stocking' branch of the industry, and the atrophy of smaller domestic companies in the States throughout the Nation would follow. Uniformity would result, but the enterprise of aggressive executives would be curbed and discouraged. Established wealth and power would hold its own under the Federal system, but the smaller and less powerful would languish and finally disappear. Insurance would become static and unimaginative under the leaden hand of the Federal Government, and eventually find itself inextricably enmeshed in the net of Washington bureaus."

Central Hanover Bank Trust Co. Earnings

The Central Hanover Bank and Trust Co., New York City, showed net operating income of $7.646,398 in 1943, including $774.655, William S. Gray, Jr., President, told stockholders at the annual meeting on Jan. 13. This was equal to about $7.28 a share. In 1942 the net was $6,331,000, including $283.647 in profits on sales of securities, equal to about $6.03 a share.

The New York "Times" also had the following to say regarding the 1943 report:

Mr. Gray reported that the bank's holdings of Government securities have an average maturity of four years and five months, or three years and five months if figured to earliest call dates. Of the bank's holdings, 53.7% are due within five years, against 75.7% one year ago, and that 46.3% are due in five to ten years, against 24.3% one year ago.

He said that, although total deposits at the end of 1943 were about $60,000,000 less than at the end of 1942, the average for 1943 was $1,415,000,000, an increase of $170,000,000 over the previous year.

Net Operating Earnings Of Bankers Trust Shows Rise In 1943 Compared With 1942

In his annual report to the stockholders on Jan. 13, S. Sloan Colt, President of the Bankers' Trust Company of New York, reported net operating earnings in 1943 of $9,486,838, compared with $8,467,463 in 1942. In his report at the annual meeting Mr. Colt also said:

"In my report as of June 30, 1943, the stockholders were informed that on June 14th $25,000,000 had been transferred from Undivided Profits to Surplus Account, that $7,000,000 had been transferred from General Reserve to Undivided Profits, and that $2,000,000 had been used to write down the book value of the Company's banking premises. The Statement of Conditions as of December 31, 1943, reflects these entries and shows Capital of $25,000,000, Surplus Account of $75,000,000 and Undivided Profits of $25,366,747.03. The total Capital Funds of $125,366,747.03 compares with $115,171,788.74 at the end of 1942.

"As a result of the transfer of $7,000,000 to Undivided Profits, the General Reserve Account shows a net decrease for the year from $17,725,589.98 to $14,266,289.18. In conformity with our usual practice, the balance in the General Reserve Account has been used on the Statement of Condition to reduce the value of assets.

"The statement of the operating earnings and expenses shows that operating earnings for 1943 amounted to $22,167,030.23, as compared with $19,406,377.38 in 1942, and that operating expenses were $12,680,192.02 which is $1,741,277.31 greater than the 1942 figure of $10,938,914.71. The rise in expenses is largely accounted for by an increase of $1,550,000 in the amount reserved for taxes.

"The land at the corner of Nassau and Wall Streets, on which our original building was erected, was leased in 1910 for a period of 21 years with three renewal options of 21 years each. On November 8, 1943, this land was purchased for $2,522,818. The land and the buildings thereon in which our three New York offices are housed are now all owned by us and are carried on the Statement of Condition at $15,867,317, which is approximately 69% of their present assessed value.

"The more important changes during the year in the assets of the company were as follows:

Increases

U.S. Gov. Sec. ___	$238,834,876.69
Loans & Bills Disc.	25,885,101.27
Other Sec. & Invest.	9,423,367.51

Decreases

Cash and due from Banks __________	$153,056,711.00
State & Munic. Sec.	16,860,271.75

"In accordance with our established practice, all United States Government obligations in the Investment Account are carried at amortized cost, all other bonds at amortized cost or market value, whichever is lower, and stocks at what we consider conservative market values. . . .

"The gross deposits on December 31, 1943, totaled $1,594,694,072.48 in comparison with $1,504,657,609.12 at the end of 1942. These figures include United States Government deposits which amounted to $297,799,420.20 and $230,198,667.70 on the respective dates."

It was stated in the New York "Herald Tribune" of Jan. 14 that in reply to a stockholder's question regarding the "ultra-conservative" dividend policy, Mr. Colt expressed the opinion that strengthening of the capital and reserve position for an increased post-war business is necessary and that stockholders will be better off under that plan. The relatively high market value of Bankers Trust stock reflects this policy, he added. The same paper stated:

"Liquidity percentage, based on all holdings of Treasury securities and cash, is about 80%, another stockholder was informed. Further questioning brought out that the average yield of the $950,441,228 Treasury obligations in the portfolio is 1.14%, and that 'other securities' of $48,941,929 listed in the statement consist exclusively of short-term railroad-equipment certificates and similar obligations. Directors were re-elected."

Grace National Bank Operating Income Of $305,457 For 1943

At the annual meeting on Jan. 11 of the stockholders of Grace National Bank of New York all the directors were re-elected. In his report of operating results, C. R. Dewey, President, stated that net operating income for 1943 was $305,457 or $20.36 per share, as compared with $218,720 or $14.58 per share in 1942. After taking into account profits on sales of securities, charge-offs and recoveries, the total results for the year were $328,219 or $21.88 per share, as compared with $241,841 or $16.12 per share last year. Regular dividends of 6% per annum were paid amounting to $90,000. Mr. Dewey also stated in part:

"At the end of the year the Directors ordered $500,000 transferred from Undivided Profits account to Surplus, thus bringing that account up to $2,000,000.

"Federal and State income taxes were almost quadrupled, the amount due being $109,723 as compared with $28,580 in 1942, but the amount chargeable to the year's profits was reduced by net refunds of taxes to $88,955.

"As to our investment portfolio, we have continued our policy of investing largely in early maturity of Government bonds. Likewise, our investments in State and municipal bonds all mature within five years. As to our $37,384,000 par value of Government bonds, which constituted 47.70% of our assets at the end of the year, $17,137,000 mature or are callable during 1944, all but $2,000,000 mature or are callable on or before December, 1948, and the average maturity computed to the earliest call date is two years and four months."

"In the last year the bank has experienced an important increase in the volume of business received from Latin American banks, not only in dollar deposits, but in the volume of letters of credit," it was announced by Mr. Dewey. He added: "This increase in business was obtained in spite of our Government's restrictions on export shipments. It is anticipated that when Governmental restrictions and regulations are relaxed and merchandise again becomes available for export from this country in something approaching normal quantities, we can look forward to a sharp gain in export and import credits with Latin America. Inquiries coming to us from a large number of North American firms indicate a widespread interest in post-war opportunities in Latin America."

SEC Adopts Rules Under Investment Co. Act

The Securities and Exchange Commission announced on Jan. 6 the adoption of three rules under the Investment Company Act of 1940.

The Commission's explanation of the revision follows:

"One of the rules adopted, Rule N-4, authorizes the incorporation by reference in registration statements and reports filed by registered investment companies, of documents and financial statements contained in any other statement or report filed pursuant to any of the Acts which the Commission administers. The new rule is of general application and, in line with similar general rules previously promulgated by the Commission under the Securities Act of 1933 and the Securities Exchange Act of 1934, is intended to eliminate duplication in reports and statements filed with the Commission.

"Rule N-2A-3, the second rule, excludes a bank from the definition of 'investment adviser' of an investment company, for purposes of Section 12 (d) (3) of the Investment Company Act. This rule will permit a registered investment company or any company controlled by it to purchase the securities of a bank which is acting as an investment adviser of an investment company, provided that the bank is not the investment adviser of the purchasing company.

"Rule N-10F-2 relates to the exercises of warrants or rights received by a registered investment company. Section 10 (f) of the Investment Company Act prohibits a registered investment company from purchasing securities during the existence of an underwriting or selling syndicate in such securities, if any principal underwriter of the issue is an officer or a director or is otherwise affiliated with the investment company. An exception is provided in the case of issues as to which the investment company is itself a principal underwriter and the Commission is authorized to grant further exemptions by rule or order. The new rule will exempt from Section 10 (f) the purchase of securities pursuant to the exercises of warrants or rights provided they were offered or granted on the same basis to all stockholders and they do not exceed 5% of the total amount of warrants or rights issued."

S. Sloan Colt Named To N. Y. Money Market

Allan Sproul, President of the Federal Reserve Bank of New York, announced on Jan. 13 the appointment of S. Sloan Colt as a member of the General Committee of the New York Money Market, which was organized at the outbreak of the European War in 1939. Mr. Colt is President of the Bankers Trust Co., and on Jan. 6 took office as a director of the Federal Reserve Bank of New York for a three-year term.

At the same time it was announced that August Ihlefeld, President of the Savings Bank Trust Co., who has been serving on the General Committee as alternate of Charles A. Miller, former Chairman of the Savings Banks Trust Co., has been appointed a member of the committee succeeding Mr. Miller, who resigned his office with the Savings Banks Trust Co. last year. Mr. Sproul's announcement further says:

"The General Committee of the New York Money Market was organized in August, 1939, to provide a ready means of bringing together representatives of the principal factors in the market for consultation among themselves and with the Federal Reserve Bank and Treasury authorities. It has been necessary for the committee to meet only infrequently since its organization because of the stability and strength of the financial markets of the country during the war years, but the committee did serve effectively to mobilize opinion and action in the market at the time of the outbreak of the war in Europe and again when this country was attacked and entered the war in December, 1941."

The present membership of the committee is as follows:

Representing Commercial Banks—William C. Potter, Chairman of Executive Committee, Guaranty Trust Co., Chairman; Leon Fraser, President First National Bank, Vice-Chairman; Winthrop W. Aldrich, Chairman Chase National Bank; S. Sloan Colt, President Bankers Trust Co.; Gordon S. Rentschler, Chairman National City Bank; J. C. Traphagen, President Bank of New York.

Representing Investment Bankers—Harold Stanley of Morgan Stanley & Co. (alternate of Henry S. Morgan, who is serving with the armed forces).

Representing Savings Banks—August Ihlefeld, President Savings Banks Trust Co.

Representing Stock Exchange—Emil Schram, President New York Stock Exchange.

Representing Insurance Companies — Frederick H. Ecker, Chairman Metropolitan Life Insurance Co.; George L. Harrison, President New York Life Insurance Co.

Biddle Orders Inquiry Into Alleged CIO Violation Of Anti-Strike Law

An investigation into charges that the Congress of Industrial Organizations has violated the criminal provisions of the Connally-Smith anti-strike law, with respect to political contributions, was ordered on Jan. 13 by Attorney General Francis Biddle. Representative Smith (Dem., Va.), co-author of the law, is said to have asserted in a letter to Mr. Biddle that Philip Murray, President of the CIO, had admitted a "flagrant violation" of the law's criminal provisions in an article in the February issue of "The American Magazine" which revealed "an initial contribution of $700,000" to the CIO Political Action Committee by CIO unions.

Washington advices of Jan. 13 to the New York "Times," from which we quote, further reported:

"Section Nine of the Connally-Smith Act," Mr. Smith, its co-author, wrote, "makes it unlawful for 'any labor organization to make a contribution in connection with any election, at which Presidential and Vice Presidential Electors or a Senator or Representative in, or a delegate or resident commissioner to Congress are to be voted for' and provides that an officer of any labor organization who consents to any contribution by the organization shall be fined not more than $1,000 or imprisoned not more than one year or both.

"Mr. Murray is President of the CIO. The article is a defiant confession of the violation of the statute.

"A number of other officers of the union are named in the article as parties actually engaged in carrying on the unlawful enterprise.

"I respectfully request that you present the whole matter to a Federal grand jury forthwith, with a view to the indictment and prosecution of those engaged in this conspiracy to control the national elections of 1944."

Attorney General Biddle instructed Tom G. Clark, Assistant Attorney General and Chief of the Justice Department's Criminal Division, to begin the investigation at once.

A CIO spokesman said the organization's political activity had been planned, according to a recent statement by its counsel, Lee Pressman, on the premise that the Connally-Smith act did not prohibit labor unions from spending money on behalf of the campaigns of individual candidates "provided the money is spent directly by such labor organizations and not by agreement or pre-arrangement with the candidates or their political parties or their political committees."

Representative Smith told a press conference, however, that the law was plain and "as written, it's going to be pretty hard to get away from."

Meanwhile he introduced a bill to outlaw unions that engage in wartime strikes, as provided by the original Smith anti-strike bill, which was passed by the House Dec. 3, 1941, but was not acted upon by the Senate. Such a provision was also contained in the Connally-Smith bill as it passed the House, but was deleted by the Senate.

The new bill stipulates that any local union involved in a strike "shall forthwith cease to be entitled" to the status of a labor organization under the National Labor Relations Act and that all officers or representatives of such a union shall cease to be entitled to represent or bargain for workers, under provisions of the National Labor Relations Act or "any order of the War Labor Board or any agreement with the employer."

President Calls On People To Pledge International Cooperation After War

President Roosevelt, in a New Year's statement, urged on Jan. 1 that the American people pledge continued cooperation with other nations, both for winning the war and for establishing and maintaining peace in the years to come.

The President recalled that the concept of the United Nations came into being "on another and infinitely bleaker New Year's Day two years ago" when these countries were on the defensive, but added that "today we are on the offensive".

The text of Mr. Roosevelt's statement follows:

"Many of us in the United States are observing this first day of the new year as a day of prayer and reflection and are considering the deeper issues which affect us as part of the family of nations at a crucial moment in history. It is fitting on this day that we direct our thoughts to the concept of the United Nations which came into being on another and infinitely bleaker New Year's Day two years ago.

"It was but three weeks after Pearl Harbor that the declaration by United Nations was promulgated at Washington. Twenty-six nations subscribed immediately, eight more have adhered subsequently, all pledging themselves to stand together in the struggle against common enemies.

"Two years ago the United Nations were on the defensive in every part of the world. Today we are on the offensive. The walls are closing in remorselesly on our enemies. Our armed forces are gathering for new and greater assaults which will bring about the down-fall of the Axis aggressors.

"The United Nations are giving attention also to the different kind of struggle which must follow the military phase, the struggle against disease, malnutrition, unemployment and many other forms of economic and social distress.

"To make all of us secure against future aggression and to open the way for enhanced well-being of nations and individuals everywhere, we must maintain in the peace to come the mutually beneficial cooperation we have achieved in war.

"On the threshold of the New Year, as we look toward the tremendous tasks ahead, let us pledge ourselves that this cooperation shall continue both for winning the final victory on the battlefield and for establishing an international organization of all peace-loving nations to maintain peace and security in generations to come."

Handy & Harman's Review Of Silver Market New High Record For Use Established

A new high record was established for the use of silver in the arts and industries in the United States in 1943, according to the annual review of the silver market by Handy & Harman, in which it is estimated that 125,000,000 ounces of silver were used, an increase of 10,000,000 ounces or about 9% over the previous high of 115,000,000 ounces used in 1942. The review, made available Jan. 17, indicates that the consumption of silver for all purposes in the United States in 1943 was more than four times the average amount for the five years prior to 1941, which was the first year in which there was an appreciable use of silver for the war effort. Of all the silver used in the United States in 1943, some 65% went into war production or the purposes classified as essential by the War Production Board.

The review observes that war conditions necessitated the continuance of Government control, both at home and abroad, over the price of the white metal, and over its allocation for industrial and monetary purposes, and it states that "the only significant development during the year was the action taken by the United States Congress which made Government owned silver available for sale or lease, subject to certain restrictions." It is also noted that when Congress convened in January, 1943, numerous bills on the subject were introduced. After much discussion, the bill sponsored by Senator Green of Rhode Island was finally passed and signed by the President. The selling price of silver was fixed at 71.11c an ounce. The leasing of Treasury silver was restricted to use within the United States for a period limited to six months after the war, and the use of loaned silver was permitted as backing for silver certificates. It thus became possible to release silver from Treasury stock for consumption in industry. It is likewise observed:

"The making available of Treasury silver came at a most opportune time, since there had been a shortage of newly mined metal for several months and the situation threatened to become progressively more acute. The passage of the act was particularly fortunate because of the shortage of both foreign and domestic silver, the foreign silver shortage being due to Mexico's withholding their supplies for coinage purposes, while the domestic shortage was due to an actual decline in the production of silver, due to scarcity of mine supplies and labor. On July 29th the War Production Board, acting under the terms of the Green Act, published the necessary regulations to release Treasury silver for consumption in industry. Three lists were created, as follows: List A (foreign silver) for medicine, photography, electrical contacts and certain priority-rated orders; List B (domestic silver) for various uses considered non-essential to the war effort; List C (Treasury silver) for engine bearings, brazing alloys, solders and official military insignia.

"There is no gainsaying the fact that the imposition of regulations as to the use and price of silver was indispensable to orderly marketing and manufacturing under war conditions. Because no Treasury silver was allotted for non-essential use, it might erronously be assumed that the Green Act had proved of no benefit to the silverware and jewelry industries. Such is not the case, since every ounce of Treasury silver distributed for List C purposes released an ounce of domestic silver for non-essential use. The vital importance to non-essential industry of the supplies thus made available may be measured by the fact that some 20,000,000 ounces of Treasury silver were actually withdrawn during the second half of 1943.

"For the first year since the inauguration of the silver purchasing program in 1934, United States Government holdings of silver showed a decline. No foreign silver was bought during 1943 and acquisitions of newly mined domestic silver amounted to only 5,400,000 ounces. On the other hand, substantial quantities of bullion were released from Treasury stocks for various purposes and nearly 4,000,000 ounces of "silver ordinary" were sold to industry. Official figures disclose that for the last eleven months of 1942 17,218,000 ounces were sold under the Green Act and that 40,000,000 ounces were lend-leased. This action, however, was not made under the Green Act, but was carried out under regular lend-lease procedure. It is understood that the latter amount was the result of direct transactions between the United States and other governments. It seems likely that Great Britain and India were the principal beneficiaries of the lend-lease silver.

"According to the Treasury's Daily Statement, dated December 31, 1943, there were 1,175,000,000 ounces of Govermnet owned silver bullion which remained unpledged as backing for silver certificates. It is indicated that of this silver, the Defense Plant Corporation, etc., held 829,000,000 ounces or 242,000,000 more than was held in 1942.

"In 1943 the United States used more silver for domestic coinage than in any prior year. Official figures for the first eleven months show that 95,818,000 ounces were so consumed, or 17,000,000 ounces more than the full year record established in 1943.

"There was a considerable increase during the past year in the production of silver-lead solders to conserve tin in the lead-tin soft solders ordinarily employed in the canning industry. Larger quantities of silver were also used for brazing alloys, which continue to have most diversified use in war production. They are being utilized to make joints between metal parts of such war materiel as ships, planes, tanks, guns, bombs, shells, rockets and torpedoes, as well as for many items of general equipment and various types of instruments.

"In the non-essential field, the manufacturer of silverware and jewelry was limited throughout 1943 to using domestic silver only, and since February 25th the amount of silver for these purposes has been under quota restrictions of the War Production Board.

"The price at which manufacturers could obtain silver has increased during the past year and a half from the pre-war level of 35c per ounce to 45c per ounce and for many purposes, to 71.11c per ounce. This higher price has retarded the use of silver to some extent, but less than might be expected because of the wartime emphasis on performance rather than cost. However, under competitive conditions after the war, a 71.11c price will undoubtedly be a serious deterrent to the use of silver in the arts and industries."

Male Citizens Of U. S. Living In Canada Must Register For Draft

A Press dispatch from Ottawa, on Dec. 12th, to the Toronto "Globe and Mail" reported that it was stated at the United States Embassy that a considerable proportion of United States male citizens of military age living in Canada have thus far failed to register for United States Selective Service.

From the Toronto paper we also quote:

The Embassy announced Oct. 30 that male United States citizens living in Canada who were born after Dec. 31, 1898, and on or before Dec. 31, 1925, and who had not previously registered, were required to do so at the nearest United States consular office.

The period for such registration was set as extending from Nov. 16 through Dec. 31.

The Embassy announcement said with over half the period gone a relatively small number of those estimated as affected by this order have been reported as registering.

"Although many American citizens living in Canada are assumed to have complied with registration in some other manner, it is nevertheless felt that large numbers have failed to register through failure to understand the order or through procrastination," the announcement said.

The penalty for failure to comply with the order is the same as in the United States—not more than five years' imprisonment or a fine of not more than $10,000, or both.

Marine Midland 1943 Net Of $1,439,642

At the annual meeting of the stockholders of the Marine Midland Trust Co. of New York, held on Jan. 12, James G. Blaine, President, reported net earnings of $1,439,642 for the year 1943, which was $401,792 in excess of 1942, and the largest in the history of the company. The increase in net earnings, it is announced, was due to interest earned on a much larger investment portfolio in 1943 and increased interest on loans which also were in excess of the previous year.

Gross earnings were $3,737,478, an increase of $386,211 over 1942. Operating expenses were $1,987,331, an increase of $76,164 over the previous year. Taxes were $310,504.99. Net earnings were equal to $2.88 per share, $10 par value, against $2.08 earned in 1942. Dividends for the year amounted to $600,000, or 41.7% of earnings, leaving a balance of $839,642, which was added to undivided profits. This, plus a transfer of $345,000 from reserves accounts for the net increase of $1,184,642 in surplus and undivided profits for 1943.

Mr. Blaine reported that these earnings did not include profits or losses on the sale of investments or charge-offs or recoveries on loans.

On Dec. 31, 1943, total assets of the trust company were $366,886,306, compared with $212,231,000 one year previous. Cash and due from banks totaled $66,532,424, compared with $58,305,703. Investments totaled $112,892,475 at Dec. 31, 1943, against $91,890,687 one year previous. U. S. Government obligations amounted to $107,788,499, an increase of $29,327,493, and 95.48% of the total portfolio are U. S. obligations; 1.66% are obligations of instrumentalities of the U. S. Government; 1.01% are State and municipal obligations, and the remaining 1.85% is made up of various securities. U. S. Government obligations are carried at par or cost, whichever is lower, and 89.55% of the total mature within five years.

Investments had a market value of $920,970 in excess of book value. In adidtion the trust company has a reserve for depreciation on investments amounting to $687,838, so that the appreciation plus the reserve totaled $1,608,808. The average rate earned on investments for 1943 was 1.21%, compared with 1.17% for the previous year. Profits on the sale of investments were $381,153. Recoveries on investments previously written down amounted to $334,677. Writedowns on investments were $123,943. Losses on investments sold were $55,697, all of these amounts being entered to valuation reserves. Loans and discounts totaled $82,672,073, an increase of $25,083,133 over the figures of one year previous. The average rate earned on loans for 1943 was 2.10%, compared with 2.57% in 1942. Capital funds total $17,033,248, a net increase of $1,184,642 over the figures of one year ago.

Gross deposits totaled $248,171,513, compared with $195,320,004 one year previous. Excluding U. S. war loan deposits, the figures represent an increase of $39,013,344.

In his annual report to the directors Mr. Blaine presented the results of the year's operations in the attached short form, saying "that in so far as I know, this is the first time that any bank has made use of the short form in its annual report." This income accounts for the year ending Dec. 31 was submitted as follows:

"Net income for the year was $1,439,642, the largest in its history. Our total volume of business for 1943 exceeded the previous year by about 22%. The receipts derived from the sale of your company's goods and services to its customers provided the payment of labor, purchase of materials for the conduct of our business, the payment of taxes, the payment for the use of the tools (assets) owned by the stockholders.

"The customers were therefore the employers of both the labor and the tools.

"The results of the year's operations are set forth in the following short form:

"Received from customers, $3,737,478.16.

"These receipts were disposed of as follows:

Payment for goods and services purchased from others for the conduct of our business	$657,716
Wages and salaries	1,148,464
*All taxes to Governments	491,656
Payment for use of tools (assets)	1,439,642
	$3,737,478

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*Total taxes increased 83% over 1942.

"Payment for use of the tools (assets) was disposed of as follows:

"To the owners of the trust company for the use of their tools, dividends amounting to $600,000.

"There was retained in the business for future needs, $839,642.12."

In his report to the stockholders Mr. Blaine declared that the management is giving serious thought to the post-war period as it may affect the banking business and The Marine Midland Trust Co., and are devoting particular attention to customers who may be confronted with the termination of contracts and the need for free working capital with which to enter peace-time business. He also stated:

"When peace comes the ensuing problems will be far greater than those born of the war. Your management is conscious of the fact that its responsibilities to do a constructive job then will be larger than at any time in the history of the bank. We shall do our best to meet those responsibilities effectively."

Dr. Staley Defends UNRRA Program As Sound Investment For U. S.

Defending the program of the United Nations Relief and Rehabilitation administration, Dr. Eugene Staley, UNRRA staff member, declared on January 5 that prompt relief for regions liberated from Axis domination is not only an important military measure that will hasten ultimate victory but that it will also help prevent an economic depression in this country after the war.

Speaking before an open meeting of the New York University Institute on Post-war Reconstruction, Dr. Staley described in detail the program of the UNRRA and cited instances of how prompt economic relief in North Africa has already aided the Allied cause.

The primary objective of the UNRRA program, Dr. Staley said, is to revive local industries as rapidly as possible in order to make the residents of these regions independent of relief and to enable them to contribute economically to the military needs of the United Nations. In his remarks Dr. Staley said:

"The advancing United Nations armies have stable civilian conditions in their rear. Troops must be protected from epidemics of disease, which can originate in a malnourished population lacking adequate clothing, soap, medicines, or means of repairing and restarting their own equipment for producing these things. The more quickly local production can be revived in liberated areas, the less will be the strain on military supply lines and the more adequate will be the materials and equipment that can be made available to our men at the fighting front. This will save the lives of our soldiers and shorten the war.

"Also, the fact that prompt aid is known to be forthcoming to liberated peoples will encourage and inspire those still unliberated to increase their resistance, and further weaken the enemy, hastening his ultimate military collapse. If a well planned and well organized and previously announced program of relief and rehabilitation helped to shorten the war by only one week, the straight dollars and cents savings would be a tremendous return on the investment, not to speak of the much more important matter of the lives of our soldiers and civilians that would be spared."

Discussing the post-war aspects of foreign relief work, Dr. Staley pointed out how the promp economic recovery of liberated countries would help provide a market for American products. He further said:

"One thing people are always forgettting, is that if you help others to produce more it also makes it possible for them to consume more. A man who is healthy and equipped with good tools and a member of a well-functioning economy is both a better competitor and a better customer than a man who is handicapped by malnutrition and disease and who has to work with poor tools. American producers need not worry about being cut out of markets by foreign competition after the war, if world income is high, so that world markets are large and prosperous. American industry is amply able to take care of itself in a world where there is a lively demand for all kinds of products. The thing America and every other trading nation has to guard against is getting back into the world situation of the thirties where even the most efficient business had a hard time because the customers were not able to buy from anyone."

FDR Sees Victory In 1944

President Roosevelt declared in a telegram to the French Consultative Committee in North Africa that "1944 will be the year of victory," the Algiers radio said on Jan. 18, according to an Associated Press London dispatch.

Mr. Roosevelt's telegram, in reply to one sent him by the assembly said: "I share your hope and your confidence. 1944 will be the year of victory which will make it possible for France and the oppressed nations to breathe again the air of liberty."

CCC Spent $3.5 Billion In 1943 To Stimulate Production Of Food

The Commodity Credit Corp. spent more than $3,500,000,000 during the 1943 fiscal year in establishing support prices and subsidies to facilitate increased food production and help stabilize the consumer cost of living, it was reported on Dec. 25.

The review of CCC operations was contained in a report by J. B. Hutson, President of the corporation, to War Food Administrator Marvin Jones.

In United Press Washington advices, it was stated:

CCC loans and purchases were up $1,900,000,000 over 1942 expenditures, and went largely to stimulate production of war-essential foods — vegetable oils, dairy products, poultry and meats.

"The increase represented by the fulfillment of commitments to farmers to support prices at higher levels than in 1941-42 in consideration of larger costs on an unprecedented volume of production," the report said.

Mr. Hutson said the subsidies paid by CCC "helped to maintain OPA ceiling prices" on sugar, vegetable oils, meats, milk and eggs.

The CCC report said prices were supported principally through loans to farmers on commodities stored on farms and in warehouses against civilian and military requirements. Farmers were given $506,000,000 in loans, compared with $626,000,000 in 1942, and $452,000,000 in 1941.

CCC purchase of commodities totalled $2,700,000,000 including about $1,500,000,000 for lend-lease. In turn the CCC sold $2,800,000,000 worth of commodities—principally tobacco to aid domestic growers' foreign markets and cotton that went to lend-lease.

U. A. W. Proposes Drive For Nation-wide Wage Agreement In Industry

R. J. Thomas, President of the United Automobile Workers, Congress of Industrial Organizations affiliate, said on Jan. 8 that the union will undertake a drive for a nation-wide wage agreement in the industry based on equal pay for equal work, regardless of geographical location of plants or products being manufactured. Advices to this effect (Associated Press) from Chicago Jan. 8, were reported in the New York "Herald Tribune," which went on to say:

Such an agreement as he [President Thomas] said, would apply to 1,400,000 workers now covered by U. A. W. contracts. He added 95% of these workers could be incorporated into the proposed master-wage plan.

"Our present contracts cover 1,200 plants, entailing 1,200 separate negotiations," the union leader continued. "This has slowed down War Labor Board procedures and has created unfair wage differentials."

Mr. Thomas said the U. A. W. executive board was of the opinion a master wage agreement would speed up war production and lessen unrest within the industry.

A survey of wage agreements and labor conditions within the industry is to be undertaken immediately, he said.

The board also recommended that steps be taken to insure industry-wide application of the following five points: A 48-hour guaranteed work week or 48-hour guaranteed weekly wage; creation of a post-war employment security fund; provision for severance pay; $1 per hour minimum and provisions for establishment of a guaranteed annual wage.

Maverick Heads Small War Plants Corp.

Donald M. Nelson, Chairman of the War Production Board, announced on Jan. 9 the appointment of Maury Maverick of San Antonio, Texas, as Vice-Chairman of the WPB in charge of the Smaller War Plants Corporation and as a member of the Board of SWPC. Mr. Maverick has been serving as chief of the Government Division of WPB, which he organized shortly after WPB's inception.

For 12 years, Mr. Maverick was a lumber dealer and home builder in San Antonio, Texas, with experience in the manufacture and retail sale of lumber and in mortgage financing. He has served two terms as a member of Congress and one term as Mayor of San Antonio.

In August, 1941, Mr. Maverick entered the Office of Price Administration and Civilian Supply, handling prices and civilian supply problems for the U. S. territories. Later he transferred to the Office of Production Management to handle priorities for cities, towns, counties and states, and shortly after the War Production Board was set up he organized the WPB Government Division, which he has since headed.

The Smaller War Plants Corporation was set up by Act of Congress in June, 1942. This Act put the SWPC within the War Production Board, gave it a capitalization of $150,000,000, and directed the Chairman of the War Production Board "to mobilize aggressively the productive capacity of all small business concerns" as a means of augmenting war production. Under the law, the Chairman of the Smaller War Plants Corporation is selected by the five-man board of directors from among their own number.

Acting Chairman of the Smaller War Plants Corporation at present is Albert M. Carter. General Robert Johnson resigned as Chairman in October, 1943. Members of the Board in addition to Mr. Maverick are: Albert M. Carter, J. T. Howington, J. A. R. Moseley and S. Abbot Smith.

McCarthy Made Canadian Ambassador To U. S.

Leighton McCarthy presented his credentials to President Roosevelt on Jan. 12 as the first Canadian Ambassador to the United States. Mr. McCarthy has served as Canadian Minister to this country for the past two years and his elevation to the new post results from the decision made in November to raise the legations of the United States and Canada to the status of embassies.

In presenting his credentials, Mr. McCarthy noted that his promotion in rank marks a further strengthening of the ties of friendship existing between the two countries.

The President, in his reply, also remarked on the long years through which Canada and the United States have been "confident of the good-will of the other" and said this country is determined to carry over the war cooperation into the peace to come.

The elevation of Ray Atherton from United States Minister to Canada to the rank of Ambassador was noted in our issue of Dec. 2, page 2236.

Head Health Council Of U.S. Comm. Chamber

Eric A. Johnston, President of the Chamber of Commerce of the United States, announced on Jan. 12 the appointment of Dr. Leverett D. Bristol, Executive Director of the Hospital Council of Greater New York, as Chairman of the Chamber's Health Advisory Council, and Dr. Anthony J. Lanza, Chief of the Occupational Hygiene Section of the Office of the Surgeon General, U. S. Army, as Chairman of the Council's Committee on Industrial Health. Dr. Bristol succeeds Dr. James S. McLester, of Birmingham, Ala., who continues as a member of the Council but who has relinquished the general chairmanship because of his increasing activity in the war service of the Federal Government and the State of Alabama.

The Advisory Council was created last winter to operate with the Chamber's Insurance Department in advising business organizations throughout the country on industrial, individual and community health programs and in cooperating with national, State and local health agencies.

Dr. McLester, Chairman of the Council from its inception, has found it necessary to resign the general chairmanship because of additional resposibilities placed on him by the Federal Government in connection with its war nutrition program and by Governor Sparks, of Alabama, in connection with the development of a four-year medical school for that state. Dr. McLester is Professor of Medicine at the University of Alabama and a former President of the American Medical Association. Under the general chairmanship of Dr. McLester the Council, it is stated, has been particularly successful in stimulating activities in the promotion of community and industrial health and in focusing attention to many current health needs for maintaining and speeding the nation's war production.

Dr. Anthony Lanza, who succeeds Dr. Bristol as Chairman of the Chamber's Committee on Industrial Health, has been active in the field of industrial hygiene for the last 25 years. He was in charge of Industrial Hygiene for the United States Public Health Service, was Chief Surgeon of the United States Bureau of Mines, was special staff member of the Rockefeller Foundation on the International Health Board and prior to his present connection, was responsible for the industrial hygiene activities of the Metropolitan Life Insurance Co. Dr. Lanza is a member of the Industrial Health Council, of the American Medical Association, and Chairman of the Medical Committee of the Industrial Hygiene Foundation of Pittsburgh.

Cotton Spinning For Dec.

The Bureau of the Census announced on Jan. 19 that according to preliminary figures, 23,342,922 cotton spinning spindles were in place in the United States on Dec. 31, 1943, of which 22,596,322 were operated at some time during the month, compared with 22,623,406 for November, 22,599,426 for October, 22,631,338 for September, 22,632,776 for August, 22,667,376 for July, and 22,923,406 for December, 1942. The aggregate number of active spindle hours reported for the month was 9,905,016,236. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during Dec., 1943, at 115.3% capacity. This percentage compares, on the same basis, with 125.3 for November, 129.5 for October, 127.5 for September, 122.5 for August, 120.0 for July, and 128.3 for December, 1942. The average number of active spindle hours per spindle in place for the month was 424.

Net Earnings Of Continental Bank & Trust For 1943 Reported At $856,265

Hasler Sees Need Of International Agreement After War To Facilitate Exchange Of Goods

Frederick E. Hasler, Chairman of the Continental Bank & Trust Co., of New York, told stockholders at the annual meeting on Jan. 19 that while 1943, financially, had been the best year in the bank's 73 years of existence, it was recognized, in common with other banks, that increased earnings were due almost entirely to the war. "As the war effort tapers off, as it will when Germany is defeated," he warned, "there will need to be a sharp upturn in the commercial loan business to help compensate for decreased war earnings."

In his report regarding the year's operating results of the institution, Mr. Hasler said:

"Measured by the standards of a war economy, I feel that the stockholders have real cause for gratification at the showing made by their institution during 1943. The highlights of the year's record of the bank were:

"Resources at the year-end showed an increase of more than 20% over the close of the previous year.

"Deposits at the close of business on the last day of the year were more than 23% higher than on Dec. 31, 1942.

"Net earnings for the year increased 66% and the net from current operations 36%.

"Earnings per share of stock were $2.14, compared to $1.29 for 1942.

"The surplus fund was increased from $3,000,000 to $4,000,000.

"Surplus and undivided profits were $536,265 higher.

"Holdings of United States Government obligations increased $22,772,352.75."

Mr. Hasler also reported:

"Net earnings of the bank for the year amounted to $856,265, equivalent to $2.14 a share, as compared to $515,214, equivalent to $1.29 a share for the year 1942. Net earnings from current operations amounted to $619,966 as compared to $456,228 for the year 1942.

"Dividends paid to stockholders during 1943 amounted to $320,000, leaving $536,265 to be added to the undivided profits account. The sum of $1,000,000 was transferred from the undivided profits account to the surplus fund account."

The surplus and undivided profits at the end of the year totaled $5,306,422, an increase over the previous year's total of $536,265. Total deposits at the close of the year were $119,437,879—23% higher than a year ago. The bank's holdings of United States Government obligations at the year-end totaled $56,140,330, an increase of $22,772,353 over the close of 1942. Of the securities in the Government portfolio, 40% have maturities of less than five years and the balance maturities of more than five but less than 10 years.

Referring in his report to post-war problems, Mr. Hasler said that a practical solution of the more intricate problems of economic and financial stability "must wait until the post-war aims of the United States, Great Britain and Russia have been more clearly defined and a rough pattern of future international cooperation can be blueprinted." He further said:

"Unquestionably, for our protection, we shall have to enter into an international agreement to facilitate exchange of goods and to provide currency with which to pay for them. The dollar has no choice but to support foreign currencies in order to support itself. We must adjust our minds to taking payments for exports in imports of goods, and not gold. For our own salvation the further extension and implementation of Secretary Hull's reciprocal trade agreements program is a necessity."

Federation Bank Operating Net

In his annual report to the stockholders, Jeremiah D. Maguire, President of the Federation Bank & Trust Co. of New York, disclosed on Jan. 11 that the net operating income of the bank in 1943 was $105,132 and that the total net income, including net profits on sales of securities, recoveries and miscellaneous credits, was $150,250. The bank's total operating income for 1943 was $465,000 and operating expenses, including taxes and assessments, were $359,868. Mr. Maguire reported that the net addition to the bank's undivided profits account in 1943 was $37,776, bringing this figure, before transferring $100,000 to surplus, to $420,006. The addition of $100,000 to surplus makes this item now stand at $1,175,000.

In his report Mr. Maguire stressed the fact that deposits from other than Government agencies increased by over $3,000,000. The bank's deposits on Dec. 31, 1943, stood at $23,712,154, against $18,994,347 on Dec. 31, 1942. Of the almost $13,000,000 of Government securities in the bank's portfolio, Mr. Maguire explained that the average maturity is approximately 38 months. The bank's average return on its loans and investments in 1943 was 2.08%, against 3.28% in 1942.

The bank's condition as of Dec. 31, 1943, was referred to in these columns Jan. 6, page 97.

Muench Is Secretary Of N. Y. Bankers Assn.

Albert L. Muench, Assistant Secretary of the New York State Bankers Association, has been appointed Secretary, effective Feb. 1, to succeed Harold J. Marshall, who resigned to become Assistant Vice-President of the Bankers Trust Co. of New York, according to an announcement made by the Association's President, E. Chester Gersten. Mr. Muench, who became identified with the Association in December, 1940, as Assistant Secretary, has also been made Secretary of the New York State Bankers Retirement System. He was formerly Manager and Secretary-Treasurer of the Westchester County Clearing House Association and Registrar of the Westchester County Chapter of the American Institute of Banking. He is a member of the class of 1944, Graduate School of Banking, Rutgers University.

The tasks accomplished by him as Assistant Secretary include the organization of the annual Farm Credit School and the Midwinter County Secretaries' Conference, handling of wage and hour legislation problems for the banks, research into wage and salary stabilization regulations, studies of thrift account interest computation, bank closing hours, and other matters involving management and policy. Mr. Muench's experience in banking includes eight years with the Washington Irving Trust Co. in Tarrytown as Assistant Secretary, and five years with the Railroad Cooperative Building and Loan, New York City.

Knox Proposes Year's Military Training For Youth On Reaching 17 Or 18 Years

Declaring that "there is no safety or peace in unpreparedness," Secretary of the Navy Knox advocated on Jan. 14 that a system of universal training be instituted to provide that "every boy, when he attains the age of 17 or 18, shall be required to spend at least one year in training on land or sea."

In an address before the Greater Cleveland Council of the Boy Scouts of America, the Secretary said that this would be "one of the best measures we can take to insure that our individual liberties will be preserved and that free Americans will remain free." Mr. Knox urged that the machinery for such a system be set up "while the war is still on" so that a sufficient number of young men will be available to relieve those overseas "in the period of adjustment immediately following the close of hostilities." Other factors in favor of such a program, Mr. Knox said, are the training facilities now available and the experienced instructors who might wish to stay in the service.

Secretary Knox said the necessity of an adequate preparedness has been "driven home to us" by the unfitness of American youth. He cited figures showing that rejections have been more than 25% for the Army and Navy, adding that "we must, in the future, spend more time, thought, and money, in improving the physical qualities of our people. The Secretary also declared that the war "is still only at its beginnings" and that, while he does not expect immediate action on his suggestion, the time is already here when we should be thinking about these things and getting ready to do something about them."

At a press conference prior to his talk, Secretary Knox termed "wishful thinking" any belief that the European conflict will end soon through collapse of the German home front. He was quoted in Associated Press advices as saying:

"A quick ending of the war is unlikely. Those who wishfully think for an early end of the war are necessarily doing a disservice to the war effort.

"There is no ground for hope that the German home front will collapse. It's a different kind of front from the last war, with the control Himmler and his Gestapo have over the people.

"The German people realize they are surrounded by enemies. They have the French on one side, Czechs and Poles on the other, and the Russians coming in. The prospect of Germans surviving at home if the military breaks down are not very rosy."

From the same advices we quote:

Asked his opinion on national service legislation proposed by President Roosevelt, Mr. Knox said:

"I'm very hopeful Congress will enact a national service law. If we have the right to order a man into a fox hole to be killed by Japs, surely we have the right to order a man, as we needed him, into an airplane factory or shipyard."

The full text of Secretary Knox's address follows, according to the New York "Times":

All around the world today there are men fighting on the land and in the air and on the sea who learned their first lessons in love of country and flag, in devotion to their country's cause in peace or war, as Boy Scouts. Who can measure the proportions of the debt which the whole country owes in this hour of greatest crisis to the Scout movement? Surely it cannot be gainsaid that those who learned the fundamentals of patriotism and citizenship as members of some troop of Boy Scouts are among those who know what they are fighting for.

In the early days of the republic, when our forefathers were engaged in carving homes and communities from the wilderness, such an organization as the Boy Scouts was unnecessary. The boys and young men of those days learned the lesson of devotion and courage, and love of flag and country in the hard way.

When America consisted almost solely of sparse settlements, along our Atlantic seaboard, when men and women began their migration westward, through the mountains and across the praires, subduing a continent, the boys were taught to care for themselves in the open, to read the signs of nature in woods and fields, to handle a gun and to shoot straight, because that was the price of survival.

But, when the wide reaches of the West had been won, when great cities from the Atlantic to the Pacific had sprung up, when the days of Indian uprisings had disappeared, when creature comforts multiplied, with the growth of cities, and there was no longer a frontier to the westward—then some means of teaching young America to be self-reliant became necessary.

Obviously our boys and young men should not be permitted to grow up without those virile qualities which must always be a part of the equipment of free men. It was in the presence of this need that the Boy Scout movement was born, and throughout the long and successful life of the Boy Scout organization this need has been filled in some small degree. The enlarged need of such training will grow more obvious as life in the United States leaves farther and farther behind the hard and dangerous living conditions of pioneer times.

There is no sounder truism than this—only the men who are fit to be free remain free. To put it another way, we shall remain free, in this great country of ours only so long as we are willing and able to fight to maintain our freedom. And this applies where the danger to our freedom comes from enemies from without, who would conquer us by force, or enemies from within, who by subversive methods, by the wiles of demagogs, by the selfish pursuit of special privilege, strive to destroy our free institutions and take our liberties from us.

While this second danger from within is a real one, against which we must be militantly on guard, it is the first and main danger to which I would like to address myself tonight.

We shall be free from the danger of destruction and conquest, from without, only if we are sufficiently strong and sufficiently courageous to defeat force, from without, by the disposition and the employment of greater force of our own.

Only a few years ago, had I come to you and warned you that within the course of a few years we, in the United States of America, would be confronted by a would-be conqueror, possessing immense military resources, and seeking world domination, against whom we should have to summon the last reserves of our strength in all-out war—had I come to you thus you would have looked upon me with derision and laughed my words to scorn. And yet that is precisely where we find ourselves tonight, as I speak to you. Never have such dangers threatened the liberties of our people as during the past three or four years—dangers which continue to the very present.

At a time when we are straining every resource, shouldering a frightful burden of debt, sending millions of our young men to desperate battle in Europe, and in the Far East, building a huge fleet, strong enough to dominate the seven seas, and turning out in unprecedented numbers aircraft to sweep the skies, who, under these circumstances, will dare to say that such dangers will never come again?

Certainly it is the part of prudence, a requirement for our future safety, that we assume that they may. If this is true, then regard for our future safety demands that we shall so organize the lives of our men and women that they will never in the future be lacking in those stern qualities which free men and women must always possess if they are to remain free.

Has it ever occurred to you, my friends, that under Divine Providence human affairs are so ordered that effort and sacrifice and discipline are inevitably and invariably the price of progress? God did not intend very evidently that the human family was going to be "wafted to heaven on flowery beds of ease." He wisely ordained that the human race must fight its way to heaven, because, in His infinite wisdom, He knew that refinement of character and loftiness of soul was exclusively the fruit of sacrifice and labor and self-discipline. It has been so from the beginning of mankind, and I have no doubt will continue to be until the final chapter is written.

If you have followed me in what I have said thus far you will go with me, I am sure, while I pursue this subject with reference so some of our domestic policies, the need for and the wisdom of which this devastating war has high-lighted.

There is as you know, in the Navy Department, the United States Marine Corps. This is probably one of the finest fighting organizations the world has ever known. It has a wonderful tradition and its officers and men have illumined with their courage and sacrifice many of the most glorious pages of our history. It undoubtedly has as fine an "esprit de corps" as may be found in any military organization anywhere.

And, as the basis for this indomitable spirit, it has always been found necessary to have the foundation of physical fitness. So high are the physical, and other standards, required of marines that, in the present war, only one man in five, of the hundreds of thousands of young men who have applied for admission into the corps, were able to pass the rigorous requirements.

Here is unquestionably a danger signal which we should not ignore. Why is it that fewer than 20% of American youths could pass the examinations for admission to the Marine Corps? Perhaps I can best answer that question by repeating a statement made to me by one of the officers of the Marine Training Station at New River, recently. He said:

"We are compelled to teach these men everything. They have forgotten how to walk, because it was easier to ride, and something to ride in was almost always available. They can't carry a pack, because most of them have never known what it was to use their shoulders.

"They don't know how to take care of themselves out-of-doors, because almost all of them have never lived out-of-doors. Their muscular endurance is trifling, because they have seldom used their muscles. They can't fire a gun because most of them have never handled weapons and they can't hit anything they shoot at because only a trifling fraction have ever been taught marksmanship.

"In a war like this," he continued, "whether to the east or the west, where the rule is kill or be killed, they come to us, unfit, and we have to make them fit."

That they are doing this successfully the Marines have attested at Guadalcanal, at Bougainville, at Tarawa, and only the other day at Cape Gloucester. Therefore, in the unfitness of American youth, so startlingly shown by the very high percentage of young Americans who could not pass the reasonably moderate tests of service in the Army and Navy—more than 25% being rejected for physical reasons—there lies a profoundly important lesson for us. We must, in the future, spend more time, thought, and money, in improving the physical qualities of our people.

You here in Cleveland and the United States, who support the Boy Scout movement, are doing what you can, but it is far from enough. The task is one which cannot be discharged by a small percentage of generous and thoughtful people, who interest themselves in movements such as the Boy Scout movement. It is a problem so vast, and so important that it must engage the careful attention of the entire country, and be supported out of the public purse.

Any program, having for its purpose the building of a strong and more virile race of American citizens, must find its beginnings in the care of mothers and infants. All too many American babies come into the world handicapped, at the very start, by the lack of that care at birth, and in young childhood, which supplies the foundation for vigorous adult life.

Most of the ills which disqualified the young men from military service in this war were the direct result of lack of care, or ignorance, or poverty, of the parents while they were children. Malnutrition, lack of care of the eyes, and teeth, and ears—these were the most prolific causes of physical disabilities among young men and young women of today.

Our first concern, therefore, in any program for national physical wellbeing, must be care for children. This can take many forms but certainly should include frequent medical examination, in the public schools, in order to correct physical deficiencies at their beginnings.

The second step is one which your organization is designed to supply. That is to teach the city-bred boys and girls how to take care of themselves out-of-doors: to teach their legs how to walk, and to teach their arms how to lift and carry, and teach their minds how to accommdodate themselves, in comfort, out under the open skies.

As we move farther and farther from pioneer conditions, this sort of training for boys and girls becomes more and more important. The lessons taught us in this war, if we take them seriously, ought to result in a swift upsurge in Boy Scout and Girl Scout work. Indeed, I am not sure that scouting ought not to be made a part of our public school curriculum, and thus extend its benefits to all boys and girls, everywhere. Certainly the lessons which Boy Scout training can teach a boy are just as important as any other single subject he may be taught in school.

And now, we come to the third important link in the task of building a strong and virile America in the future. It has to do with the young man, when he reaches an age when military service can be expected of him, in time of war—say between 17 and 19 years of age. Normally, this would be about the age most boys finish high school, and either go to work, or go to college. That would be the ideal time, in a boy's life, when a year of his time should be given to his country for the purpose of training him physically, and mentally, and spiritually, for citizenship, the first duty of which is service in defense of his country in case of emergency.

Surely we must have learned from our present experiences that there is no safety or peace in unpreparedness. The unspeakable folly of the theory that we are more likely to resort to war or become involved in war because we are reasonably prepared against the danger of war has been made so plain that few will be found to deny it.

Therefore, I believe throughly that one of the best measures we can take to insure that our individual liberties will be preserved and that free Americans will remain free is to require that every boy, when he attains the age of 17 or 18, shall be required to spend at least one year in training on land or at sea against the possibility that sometime in his younger manhood his services may be required to help protect the country.

During such a year, especially if his period of service should chance to be in the Navy, he will be given training that will not only make him a good navy man but he will also be trained in one of many skills or crafts which could be useful in later life. The same is true, in lesser measure, of service in the land forces.

Certainly all of such young men would be given physical training of the highest value, would be instructed in the expert use of firearms, would be taught how to live comfortably in the open and would be taught lessons in patriotism, love of country and devotion to flag, which are an essential part in the education of every American.

Such a system of universal training is in complete harmony with the democratic ideal. No one should be exempt; rich and poor boys from the city and boys from the farm, boys of all races and religions, all should be made to shoulder a common responsibility of personal preparedness, as a shield for the future security of our country.

I can think of scores of benefits which would flow from an intelligent use of this principle. Properly used, a year's service with the colors would provide, for every young man, a chance to enjoy the benefits of occupational guidance.

Under such expert direction many a boy would find himself, and pursue after that, that training best suited to his capacity and predisposition. Healthy habits could be instilled which would last for the rest of his life. Helpful education in democratic government could be imparted; the responsibility of citizenship under a popular form of government could be taught. The list might be prolonged.

I venture to say, if our people have the wisdom, growing out of the experience of this war, to institute a system of universal training, we will reap, in that way, many highly valuable benefits from our war expenditures. It is my profound conviction that now is the time to begin the agitation for such a system of training.

As a people, we are still shocked to discover that more than half our young men are physically unfit. We have just had driven home to us the necessity of an adequate preparedness. We now know that peace, of any worthwhile duration, may only be expected, if we are prepared to put force behind it. The wisdom of the maintenance of an adequate navy, an adequate air force and an adequate army, is now widely recognized.

Furthermore, the country will find itself, at the conclusion of hostilities, with five or six million men abroad, consumed with anxiety to get home. And yet, the retention of many of them, because of the unsettled nature of the world, when hostilities cease, will be paramount.

It would be infinitely better, if we could set up the machinery for a universal training law, while the war was still on, and then say to these millions of young men overseas:

"You have borne the heat and the burden of the war. You have won. You have earned the right to come home, and go back to the pursuits of peace. We are sending, to take your place, a sufficient number of young men, who have taken their military training, so that all of you, who want to return at once, can do so."

Such a plan would provide us instantly with enough young men, anxious and eager for the experience, to fill all our needs overseas, in the period of adjustment, immediately following the close of hostilities.

And there is another factor which would tend to support a program of training to be instituted while the war is still on. All over the country we will find, when this war is finished, literally thousands of training camps, with adequate buildings and equipment, for the training of these young men. They are available in more than ample proportions. They would provide ideal surroundings for the annual call to the colors for training under this principle.

Also, there will be available, at the close of hostilities, an abundance of the instructors and officers, required by such a system of training; young men who would be glad to stay in the service, if their service was made permanent, or reasonably so.

Of course, I do not expect immedate action on these suggestions. But I do know that the time is already here when we should be thinking about these things and getting ready to do something about them. I know you love your country. I know you are devoted to its principles, but love and devotion are not enough. We have got to find practical ways in which to display that love and effectuate that devotion.

This great war, which is still only at its beginnings has shown us how, in one way, we can display our concern for our country's future—and the one way I emphasize tonight, is deliberately to set about correcting one of our more glaring weaknesses, which the war has disclosed—our physical weakness and our physical unreadiness. To this cause I summon you, not only as patriotic men and women, but as fathers and mothers.

Surely all of us will admit how much greater is the enjoyment of life when good health is one of its assets. And so, I give you in my concluding thought, for the days of the future, a healthy young America; a young America that knows how to march, that knows how to carry a heavy load, that knows how to take care of itself out-of-doors, that knows how to handle a gun and become expert in its use; a young America that will not be deficient in that virile fitness which is the price of liberties maintained and freedom defended.

Connally Leaves OPA Post

Reagan P. Connally, Director of the Consumer Goods Price Division of the Office of Price Administration, has resigned in order to return to his duties as President of the Interstate Department Stores, N. Y. City, Chester Bowles, Price Administrator, announced on Jan. 10.

Mr. Connally recalled that when he assumed his duties in August it was with the understanding that it was for a limited period of service. In accepting this resignation the Administrator expressed great regret that Mr. Connally found it necessary to leave the agency at this time. Mr. Bowles said: "You have, I believe, laid an excellent ground work for simplification and improvement of price control in the consumer goods field. We are especially grateful to you for the work you have done in the preparatory steps for a general retail regulation." Mr. Connally's successor has not yet been appointed.

Cleveland Reserve Bank's Annual Report For '43

An increase in circulation of notes issued by the Federal Reserve Bank of Cleveland of $362,280,000 during 1943, is the outstanding change in the annual report of the bank for 1943, according to Matthew J. Fleming, President of the bank.

The increase, disclosed in the bank's 29th annual report issued Jan. 12, was from $1,133,500,000 as of Dec. 31, 1942, to $1,495,780,000 at the end of 1943. It brought the total increase of currency in circulation issued by the Federal Reserve Bank of Cleveland since the outbreak of the war in 1939 to more than $1,000,000,000. One reason for the increase of currency in circulation, President Fleming said, is that higher living costs necessitate the carrying of more money to pay for ordinary cash purchases.

"There is some hoarding, too," he asserted, "but I prefer the word 'holding' rather than 'hoarding' of currency, since there is no evidence today of the scare hoarding of a decade ago.

"This fact is certain: despite the spending of personal funds for goods, bank deposits of individuals and currency in circulation both continue to rise."

President Fleming also reported that checks of all kinds cleared last year by the Reserve bank reached an all-time record total of 165,916,586, with a dollar value of $65,707,123,000. This compares with 152,599,565 checks valued at $52,316,306,000 cleared during 1942. The volume of Treasury bills held by the Reserve bank under repurchase option—a relatively new form of obtaining reserve funds used mainly by the larger commercial banks in the district—increased nine-fold, he said, during the last year, from $9,335,000 to $86,403,000.

President Fleming said that during 1943, 26 banks in the Fourth District, with assets of $7,000,000, were admitted to membership in the Federal Reserve System, compared with 17 admissions in 1942. A total of 707 state charter and national banks are members of the system out of 1,189 banks in the district. Member banks have assets of more than $8,000,000,000—about 85% of the resources of all banks in the district.

The report shows that total assets of the Federal Reserve Bank of Cleveland were increased by $412,000,000 last year. The bank narrowly missed the $3,000,000,000 classification, finishing with assets of $2,898,404,000 compared with $2,486,874,000 at the end of the previous year.

It further discloses that holdings of United States securities by the bank jumped $671,000,000 from $509,454,000 a year ago to $1,180,153,000. The purchase of these securities by the Reserve bank is a form of credit extension to the banking system, which found its reserves reduced by greater demand for currency, and an increase in deposts, which are subject to reserves.

Net earnings of the Cleveland Reserve Bank for the year 1943 were $5,181,774, against $1,316,468 in 1942. Total earnings before the deduction of expenses were $6,750,584 in 1943, compared with $4,975,031 in the previous year. Current net earnings for 1943 were $2,558,187, compared with $1,368,068 in 1942. The additions to current net earnings for 1943, including $3,537,442 profits on sales of U. S. Government securities, were $3,538,455, whereas in 1942 additions to current net earnings were $337,371, including $333,826 securities' profits.

Distribution of the $5,181,774 net earnings for 1943 was as follows: to reserves for contingencies, $3,000,000; to surplus, $1,259,011, for paying of dividends, $922,164, and paid to U. S. Treasurer, $599.

State Quotas For Fourth War Loan Drive

State quotas for war bond sales to individuals in the Fourth War Loan drive were announced on Jan. 11 by Ted R. Gamble, National Director of the War Finance Division. From the opening day of the drive, Jan. 18, to Feb. 1 emphasis will be placed entirely on sales to individuals. The national quota for these sales is $5,500,000,000. The overall goal is $14,000,000,000. The advices from the Division said:

"Total quotas for individuals, partnerships and personal trust accounts, which include series E, F and G bonds and other securities, are, in terms of millions of dollars: Alabama, 51; Arizona, 20; Arkansas, 32; north California, 209; south California, 205; Colorado, 40; Connecticut, 124; Delaware, 19; District of Columbia, 53; Florida, 64; Georgia, 70; Idaho, 16; Illinois, 368; Indiana, 125; Iowa, 92; Kansas, 65; Kentucky, 56; Louisiana, 54; Maine, 31; Maryland, 93; Massachusetts, 258; Michigan, 253; Minnesota, 104; Mississippi, 35; Missouri, 136; Montana, 20; Nebraska, 53; Nevada, 7; New Hampshire, 20; New Jersey, 219; New Mexico, 11; New York, 911; North Carolina, 70; North Dakota, 17; Ohio, 312; Oklahoma, 58; Oregon, 54; Pennsylvania, 423; Rhode Island, 39; South Carolina, 33; South Dakota, 17; Tennessee, 65; Texas, 210; Utah, 22; Vermont, 8; Virginia, 78; Washington, 96, West Virginia, 40; Wisconsin, 113; Wyoming, 9.

"Total quotas for individuals in territories and possessions are: Alaska, $2,000,000; Hawaii, $12,000,000, and all others, $8,000,000."

These quotas are based, Mr. Gamble said, on relative incomes in the various States. He said:

"Allowing for Federal, State and local taxes on individuals of about $22,000,000,000, individuals will have, after taxes, about $126,000,000,000 to spend and to save in the fiscal year 1944. There will be only about $90,000,000,000 worth of consumer goods and services. Therefore, consumers must save or fritter away in higher prices about $36,000,000,000. Obviously every income earner can best service himself and his country by investing every dollar possible in war bonds."

Commodity Exchange Reelects Weld Pres.

Philip B. Weld was reelected for a second term as President of the Commodity Exchange, Inc., New York City, on Jan. 20. Floyd Y. Keeler was reelected Treasurer.

The Vice-Presidents also reelected were Richard F. Teichgraeber, Milton R. Katzenberg, Paolino Gerli, and Ivan Reitler.

At the annual election of members of Commodity Exchange, Inc., the following Governors were elected to represent the various groups of the Exchange:

Commission House Group—Richard F. Teichgraeber, reelected; Hide Group—Henry M. McAdoo, reelected; Silk Group—Paolino Gerli, reelected; Nathan Lewis, reelected; John K. Voehringer Jr., elected to fill an unexpired term; Metal Group—Benno Elkan, elected to succeed Addison B. Hall; Rubber Group—Le Roy Scheinler, reelected; Non-Trade Group—Leon B. Lowenstein, reelected.

Aldrich, Of Chase Bank, Confers In Washington On National War Fund

Warns Allegations Involving Interpretation of Foreign Exchange Regulations As "Ridiculous"

Winthrop W. Aldrich, Chairman of the Board of the Chase National Bank of New York, conferred with White House officials on Jan. 14 and said the subject was the National War Fund, which he heads.

According to the Associated Press, Mr. Aldrich indicated that he was not seeing anyone as to charges against the bank, alleging violation of Trading With the Enemy Act, and was leaving the matter to the bank's attorney. In a statement denying the charges, on Jan. 13, Mr. Aldrich said:

"The indictment of the Chase National Bank just announced by Attorney General Biddle simply makes no sense.

"All the acts complained of happened before Pearl Harbor and therefore before the United States entered the war. The Chase National Bank, like all other large banks, had many thousands of transactions which involved the interpretation of the foreign exchange regulations. In carrying them out we were acting in the closest cooperation with the public authorities.

"The indictment alleges that the bank conspired to aid the Axis. This is ridiculous. We are no more guilty of such action than is the Attorney General himself, and we resent having our reputation damaged in this manner.

"What has been done in the name of the administration of Justice is a plain outrage on the home front and crass stupidity on the international front."

High Court Asked To Decide Wage-Hour Issue As Affecting Newspaper Distributors

The U. S. Supreme Court was asked on Dec. 17 to decide whether the Fair Labor Standards Act (Wage-Hour Law) applies to persons engaged in the local distribution of newspapers from the plant of publication to dealers and newspaper racks.

The following regarding the case is from Associated Press advices:

The question was raised by Fred Schroepfer, Charles R. Schroepfer and Abraham Berry, who said they were engaged in distributing the Baltimore Sunpapers and contended they were entitled to overtime compensation provided by the legislation. Berry also sought "unpaid minimum wages."

They appealed from a decision by the Fourth Federal Circuit Court, which held that they were not engaged in interstate commerce and hence not covered by the act.

"The movement of intelligence or information across State lines," their petition said, "is interstate commerce, and has been frequently so held in decisions of this court.

"Petitioners' work was an integral part of the interstate gathering and distribution of news in which respondent (the A. S. Abell Company, Inc., publisher of the Sunpapers) is engaged, for the process which begins with the collection of news, admittedly an interstate activity, . . . does not end until the paper is placed in the hands of the customer or reader."

War Bond Redemptions Total But 7% Of Sales

Redemptions of Series E, F and G War Bonds up to Dec. 31, 1943, amounted to only 7% of sales since these issues were first offered to the American public, it was disclosed at the Treasury Department on Jan. 8. Sales, which began May 1, 1941, exceeded $25,000,000,000 and redemptions, inclusive of both cost and accrued interest, were $1,763,000,000.

A slightly higher redemption rate—9.2% of sales—was reported for the Series E bonds alone. Sales of this "people's bond" between May 1, 1941, and Dec. 31, 1943, were $17,500,000,000 and redemptions (cost plus accrued interest) totaled $1,600,000,000. The advices from the Treasury Department further said:

"About 91% of the proceeds of the Series E Sales and 93% of the proceeds of the three series combined remained invested, therefore, at the start of the new year for continued war duty as 'fighting dollars.'

"Sales and redemption figures were reported on a cumulated basis, the Treasury explained, because bonds turned in for redemption in any one month consist of bonds sold in every one of the previous months since the war securities were first offered.

"Redemptions are heavier in lower denominations of Series E bonds than in the higher denominations. This, the Treasury said, is accounted for by two factors: Persons of limited means who buy bonds generally acquire only the $25 denomination, and these persons are the ones first hit by emergencies that make it necessary for them to cash the bonds they have acquired; further, many persons who make substantial purchases of E bonds specify delivery in small denominations, so that if a redemption necessity arises, they will not have to cash a bond for a larger sum than they require.

"Redemptions naturally increase with increases in bonds outstanding, the Treasury said, but the occasional peaks such as have been reached recently come as a result, in a vast majority of cases, of bond holders having no other liquid reserves to meet extraordinary or seasonal expenditures. This is why redemptions have been highest during taxpayment months, at Christmas time, and coincidental with the flu epidemic. In this connection, it is significant that redemptions follow the same pattern as savings bank withdrawals," the Treasury report added.

Lumber Movement—Week Ended January 15, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 449 mills reporting to the National Lumber Trade Barometer were 4.1% above production for the week ended Jan. 15, 1944. In the same week new orders of these mills were 15.1% greater than production. Unfilled order files of the reporting mills amounted to 106% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 2.8%; orders by 13.5%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 50.2% greater; shipments were 43.0% greater; and orders were 32.2% greater.

Expansion and Revision of Social Security Urged By McNutt In Report to Congress

To provide what is termed "a comprehensive basic program of social security" the Social Security Board, in its eighth annual report sent to Congress on Jan. 17 by Federal Security Administrator Paul V. McNutt, urges revisions and extension of the present system. The report was submitted to Mr. McNutt by Chairman Arthur J. Altmeyer. The 5-point extension of the system proposed in the report would provide:

1. Coverage under old-age and survivors insurance for more than 15,000,000 to 20,000,000 workers now excluded—farm and household workers, employees of public organizations and of nonprofit institutions, and the self-employed. Inclusion of, Federal, State, and local government employees "should be made in such a way as not to endanger any rights of these workers under existing special systems and to increase, not lessen, the total insurance protection available to them."

2. Protection of social security rights of the millions of persons in the armed forces.

3. Insurance protection against total loss of income due to permanent or total disability.

4. Insurance to cover the costs of hospital and medical care. Such a provision, the board insists, must "preserve free choice of doctor or hospital and personal relationship between physicians and their patients, to maintain professional leadership, to insure adequate remuneration—very probably more nearly adequate than that in customary circumstances—to all practitioners and institutions furnishing medical and health services, and to guarantee the continued independence of nongovernmental hospitals."

5. A national unemployment insurance system to replace the 51 separate State and territorial systems, and including the millions of wage and salary earners excluded under the State systems. "Even if the special stresses of post-war years were not impending," the board says, "the State-Federal basis of the unemployment compensation program would have merited reconsideration and revision at this time."

The Board's report urges a comprehensive unified system of contributory social insurance covering part of wage losses due to unemployment, sickness, disability, old age, and death as well as a considerable part of the expense of hospital and medical services. Such a system would operate more simply and more economically, iron out present inequities, make protection available for all workers, and assure financial soundness. During the next decade, the Board estimates, it would cost no more than 12% of covered pay rolls."

As compared with the present scheduled rates for 1949 and thereafter, it would mean no increase for employers and an increase of 3% of taxable earnings for employees, if this cost were divided equally between employers and workers.

While the Board believes that "social insurance is essentially national in character," public assistance lends itself better to State administration. The Board, however, urges larger than 50% Federal assistance grants to States with per capita incomes lower than the average. It urges that Federal grants-in-aid also be extended to the States to care for all their needy people as well as the aged, blind, and dependent children. The Board also would liberalize the aid to dependent children program so that the States could help more children and more adequately than at present.

"The present time," the Board's report says, "is singularly auspicious for strengthening and extending our system of social insurance and assistance." Taxable earnings are at record high. Higher insurance payments would lessen current inflationary pressures and build resources against post-war readjustments.

"Whether one believes the war will end in one year or five," the reports says, "the time in which to build a stronger system of social security is short in view of the character of the changes and readjustments we confront as individuals and as a people."

"It is not the aim of social security to provide a life-time bonus," the Board says. "Social insurance represents, rather, a safeguard against economic hazards besetting the long road of self-support and family support, which is arduous and risky for most in any working generation."

Officers Elected By Newark Clearing House

At the annual meeting of the Newark Clearing House Association, held on Jan. 18, the following officers were elected:

President, W. Paul Stillman, President National State Bank, Newark; Vice-President, Robert G. Cowan, President National Newark & Essex Banking Co.; Treasurer, Carl K. Withers, President Lincoln National Bank; Secretary, T. L. R. Crooks, President Clinton Trust Co.

Ray E. Mayham, retiring President, who is President of the West Side Trust Co., and Horace K. Corbin, President of the Fidelity Union Trust Co., were elected to the Clearing House Committee.

Mr. Stillman, the new President, was Manager-Examiner of the Clearing House from 1927 to 1931, and has been associated with the Association through membership on various committees for the past 17 years. With approval of the entire membership the following standing committees were chosen by Mr. Stillman for the year 1944:

Managing Committee—David J. Connolly, Vice-President and Treasurer Federal Trust Co.; John T. Corsa, Vice-President National State Bank; Roy F. Duke, Vice-President Fidelity Union Trust Co.; William Dunkel, Vice-President and Cashier Union National Bank.

Committee on Admissions—Ralph W. Crum, President United States Trust Co.; Fred J. Kugelmann, Cashier National State Bank; Francis R. Steyert, President South Orange Trust Co.

Advisory Committee—Arthur E. Kean Jr., Cashier Lincoln National Bank; Stanley J. Marek, Secretary-Treasurer Franklin Washington Trust Co.; Gus E. Wiedenmayer, Vice-President and Cashier National Newark & Essex Banking Co.

Russel W. Lynn is Manager-Examiner of the Association.

Earnings, Jobs & Hours At New Peak In November

Hourly and weekly earnings, employment, man-hours, and payrolls rose to a new peak in November, according to the regular monthly survey of 25 manufacturing industries by the National Industrial Conference Board. The work week, although the same as in the month before, was longer than any other month since April, 1930.

The Board's announcement further stated:

"Hourly earnings at $1.041 in November were 0.5% higher than in October, 7.8% above November, 1942, and 76.4% above 1929. The increase since January, 1941, the base date of the Little Steel formula, was 37.2%. Weekly earnings reached a new peak at $47.59, 0.2% above the month before, 12.0% above the corresponding month in 1942, and 55.5% above January, 1941.

"Employment in these 25 manufacturing industries increased 0.1% from October to November, when it stood 5.6% above November, 1942, and 37.3% above January, 1941. The average work week for all wage earners in these industries was 45.5 hours, which is 1.8 hours, or 4.1%, higher than in November, 1942, but the same as in October of this year.

"The increase in the number of man-hours worked was 0.1% in November as compared with October, 10.1% as against November, 1942, and 113.9% against August, 1939.

"Real weekly earnings, or dollar weekly earnings adjusted for changes in living costs, advanced 0.2% in November to exceed the level of a year before by 8.5% and that of 1941 by 29.2%."

Stetson Named Chairman Of Board Of Guaranty Trust—Operating Earnings $16,617,544 In 1943

Government Withdrawal From Business Field Urged

At the annual meeting of the stockholders on Jan. 19 of the Guaranty Trust Company of New York, the annual report was read by W. Palen Conway, Chairman of the Board. At a meeting of the Board of Directors immediately following the stockholders' meeting, Eugene W. Stetson was elected Chairman of the Board, succeeding Mr. Conway, who was elected Vice-Chairman of the Executive Committee. Mr. Stetson has been associated with the Guaranty Trust Company for 27 years, during the last three of which he has served as President. J. Luther Cleveland, who has been associated with the Guaranty since 1923, and who has served in the capacity of Vice-President for the past 16 years, was elected President. William C. Potter was re-elected Chairman of the Executive Committee.

The annual report presented at the meeting was signed by Messrs. Conway, Potter and Stetson. In discussing the wartime position of the banks the report stated that "despite high wartime taxes and determined efforts to encourage bond buying by non-banking investors, a large part of the task of financing the war has fallen on the banks." It is added that "although efforts to encourage purchases of Government obligations by non-banking investors will unquestionably continue unabated and the public may be expected to respond on a scale comparable with that experienced thus far during the war period, it will probably be necessary to depend on the banks for a substantial part of the required funds." The report went on to say:

"It is highly essential that the greatest possible share of the total war cost be met from savings rather than from credit expansion and that every possible Government economy which will not actually interfere with the war effort be practiced.

"It is in connection with the post-war outlook that the principal uncertainties arise. The theory that prosperity can be induced by Government spending has been tried and found wanting. This does not mean, of course, that the Government can immediately relinquish its wartime participation and intervention in the business field and leave the national economy to readjust itself. The Government's withdrawal should be carried on as rapidly as possible. But, after such a period of industrial dislocation, credit expansion, price regulation and general economic regimentation as the nation is now passing through, the reestablishment of a foundation on which a sound peacetime economy can be built will require the most painstaking care. It will necessitate every possible assurance that opportunity in the post-war era will be commensurate with the risk and that no unnecessary impediments will be placed in the way of honest enterprise. If these requirements are met, no fear need be felt that the banking system will be unequal to its part in the task of post-war reconstruction."

The report shows that operating earnings for the year 1943 amounted to $16,617,544 as compared with $14,883,835 as reported for the year 1942. It is added that "as stated in the report of last year, $2,500,000 of current amortization of premiums on securities was charged against the Amortization Fund in 1942. In comparing these two figures, therefore, $2,500,000 should be deducted from the 1942 earnings to show the figures on a comparable basis."

The above was preceded by the statement that "in 1943, the full amount of amortization of premiums on securities was charged against interest on securities, instead of charging a portion to the amortization fund as heretofore. Profits on the sale of United States Government Securities in the Investment Account, instead of being credited to the Amortization Fund as heretofore, were credited to undivided profits."

The earnings of the Company for 1943 and 1942, are shown in the report as follows:

	1943 $	1942 $
Current Operating Earnings—		
Interest on loans	9,234,436	8,883,696
Interest and dividends on securities	20,042,263	16,196,397
Other current operating earnings	6,808,346	5,281,034
Total	36,085,045	30,361,127
Current Operating Expenses—		
Interest paid	102,660	69,993
Salaries & wages	8,200,392	8,106,634
Other current operating expenses	11,164,447	7,300,665
Total	19,467,501	15,477,292
Net current operating earnings	16,617,544	14,883,835
Reconcilement of Surplus and Undivided Profits		
Surplus and undivided profits at beginning of year	192,547,059	189,470,857
Net current operating earnings (as above)	16,617,544	14,883,835
Investment security profits	4,336,114	14,058
Miscellaneous credits	51,796	142,430
	213,552,514	204,511,180
Less—		
Dividends declared	10,800,000	10,800,000
To general contingency reserve	1,000,000	1,000,000
Miscellaneous charges	360,660	164,121
	12,160,660	11,964,121
Surplus and undivided profits at end of year	201,391,854	192,547,059

Regarding the general contingency reserve the report says:

"At the end of the year the balances in the Amortization Fund ($10,430,009.19), the Deferred Profits Account ($2,591,208.12) and certain other reserves ($7,909,301.83) were transferred to the General Contingency Reserve which on December 31, 1942, amounted to $11,445,315.50. In addition, during the year $1,000,000 was transferred from earnings to General Contingency Reserve and $647,144.93 representing recoveries less various charges (including an increase of $300,000 in the total reserve against Main Office banking premises) was also added to this reserve. After giving effect to the above, the balance in the General Contingency Reserve at December 31, 1943, amounted to $34,022,979.57."

$107 Million Repaid On Export-Import Bank Loans

Roads, steel mills, hydro-electric plants and other enduring additions to the productive facilities of Latin America are being built with the aid of credits from the Export-Import Bank of Washington, according to a release issued by the Office of the Coordinator of Inter-American Affairs.

Loans made by the bank to aid in this development of the hemisphere productive facilities and for expansion of inter-American trade now amount to $212,000,000, according to figures recently made public by Warren Lee Pierson, President of the bank. Of this total, it is announced, approximately $107,000,000 has been repaid.

"There are no loans to any Latin American country or political subdivision or agency thereof which are in default," Mr. Pierson reported. Since it was created in 1934, Mr. Pierson disclosed, the bank has authorized lines of credit aggregating $779,000,000 for operations in the other American republics. Of this amount, however, more than $200,000,000 has been canceled or expired. The advices from the Office of the Coordinator also state: .

"A substantial part of these great credits were made by the Export-Import Bank to aid in development of hemisphere resources under the program of the Rio de Janeiro Conference of American Foreign Ministers.

"Highway development is illustrated by the extension of $30,000,000 in credits to Mexico for its big road-building program, of which $10,000,000 has been used.

"Expansion of hemisphere steel-making facilities with the aid of Export-Import Bank credits centers mainly in Brazil's great Volta Redonda plant, now building for completion in 1944-45. Some $45,000,000 in credits have been made available for purchase of equipment and materials in the United States."

Columbia U. Is One Of City's Largest Taxpayers

The trustees of Columbia University are undoubtedly one of the largest real estate taxpayers in the city of New York, Dr. Nicholas Murray Butler points out in his annual report as President of the university. At the rate of 2.98 which then prevailed, the real estate taxes for the year 1942-43 paid on land and buildings which Columbia owns amounted to approximately $1,500,000, Dr. Butler says.

Dr. Butler visualizes the development of Morningside Heights, site of the university, as a cultural and religious center rivaling the Acropolis of ancient Athens and the Forum of ancient Rome.

Chicago Reserve Bank Changes In Staff

Simeon E. Leland, Chairman of the board of directors of the Federal Reserve Bank of Chicago, announced on Jan. 6 the following changes in the official staff: Walter S. McLucas, Chairman of the board of directors of the National Bank of Detroit, was reappointed a director of the Detroit branch of the Federal Reserve Bank of Chicago for a two-year term ending Dec. 31, 1945. Neil B. Dawes, John K. Langum, and Arthur L. Olson were promoted from the position of Assistant Vice-President to that of Vice-President. Edward D. Bristow, Chief of the collection department, was appointed Assistant Cashier.

Steel Production At Higher Rate—Invasion Equipment Demand Still Heavy—Scrap Easy

"Reflecting the emphasis being put on the expedited and enlarged landing craft program as well as other invasion equipment, national steel ingot operations this week are up one-half point," states "The Iron Age" in its issue of today (Jan. 27), which further adds:

"Plate and sheet mills continue to bear the brunt of the heavy demand for invasion equipment, but requirements for components also are making themselves felt in heavier orders for certain products other than flat-rolled steel. There are indications that the landing craft program may be spread over a longer interval this year than appeared likely a few weeks ago. Another new development is the transfer of a war requirement from cold-rolled sheets to terne plate, with the vacated space on cold mill schedules likely to be taken by barrel stock orders which have been on hot mills previously.

"Meanwhile, rising pressure in favor of a faster easing of limitation orders threatens to make WPB's unenviable task of holding down the lid upon civilian production more difficult as time goes on. As a matter of fact, despite official announcements stating that controls will be maintained for the time being, allotments have been issued recently for steel in small amounts for several consumer items which a few weeks ago never would have been applied for or approved. About Feb. 1 an experiment in producing civilian goods in three areas on a limited scale is scheduled to start.

"Shortly after the meeting of the Steel Advisory Committee adjourned last week, WPB announced that it had recommended to the Defense Plant Corp. termination of work on seven steel plant expansion projects.

"Figures released simultaneously with the news of the proposed cutbacks showed the severe decline in demand for alloy steel over recent months. September output at 1,024,000 tons was about 200,000 tons below the peak reached last March and in December production was down to about 800,000 tons.

"Several leading steel companies recently have taken steps which will help protect post-war tonnage in an important consuming field, the steel barrel industry. Acquisitions by Bethlehem Steel Corp. and U. S. Steel Corp. have been announced during recent months. Previous acquisitions placed Inland, Republic and J. & L. among the steel makers operating barrel concerns. National output of drums in 1943 was about 10,000,000 units over the 1941 level of around 18,000,000 units. Heavy demand from the Navy is a feature of this market recently, with the cold rolled sheets being furnished with oxidized finish.

"The Government's recent move permitting steel companies to use more low alloy scrap in carbon steel heats does not appear likely to cause a substantial increase in use of this overabundant material. Meanwhile, an unofficial estimate places iron and steel scrap consumption in 1943 at approximately 55,900,000 gross tons, a total 4% greater than the previous peak of 53,807,000 gross tons consumed in 1942."

The American Iron and Steel Institute on Jan. 24 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 99.4% of capacity for the week beginning Jan. 24, compared with 99.0% one week ago, 86.3% one month ago and 97.4% one year ago. The operating rate for the week beginning Jan. 24 is equivalent to 1,727,900 tons of steel ingots and castings, compared to 1,720,900 tons one week ago, 1,504,200 tons one month ago, and 1,686,700 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Jan. 20 stated, in part as follows: "Various changes in the war program continue to bring cancellations and changes in mill schedules, but gaps are promptly filled and pressure for heavy steel production is not relaxed.

"Recently sheets appeared most affected, with frequent opportunity to obtain early delivery, despite the fact that in general shipments are as far extended as in any major product. New orders continue to more than offset cancelled tonnage and deliveries are being extended on most major products.

"While pressure for landing craft material, mainly plates, may pass its crest during February, considerable urgency is likely to be noted for some time after. Meanwhile, this program is not only pushing shipyard activity to a high peak, but also providing many fabricating shops with needed business in sub-assemblies. It also is creating added demand for heavy sheets, bars and structurals, in addition to plates. Mainly due to this work, plates and heavy sheets are the tightest steel products.

"Tin plate production currently is at about 50% of capacity, with electrolytic lines considerably lower. First quarter schedule is being met closely, but no word has been reecived as to second quarter, which is expected to show little change.

"Idle and excess steel from war plants is becoming a factor in the market, especially to warehousemen, though much of it is in forms and analyses difficult for them to handle. Estimates as to tonnage vary widely.

"Little effect is felt from the change from allocations to a free market in pig iron and supply is sufficient to meet all demands. Melters are covering for the entire quarter instead of the single month allowed under allocations, but no rush to buy has developed. Many consumers are seeking to build inventory somewhat higher than has been possible recently, as a matter of convenience and safety in case of a rise in price. Melt is somewhat restricted in foundries because of man-power shortage and limitations against production of civilian goods.

"Scrap supply in general is ample for all needs, and in some grades a surplus develops occasionally."

1943 War Expenditures At $85.1 Billions

War expenditures by the United States Government in 1943 amounted to $85,135,000,000, as compared to the $52,406,000,000 expended in 1942, an increase of 62½%, the War Production Board announced on Jan. 15.

The average daily rate of war expenditure in 1943 rose 61.4% over 1942, from $169,100,000 to $272,900,000. The daily rate is based on the 310 days in 1942 and the 312 days in 1943 on which checks were cleared by the Treasury.

The WPB announcement added:

"During the month of December expenditures for war purposes amounted to $6,951,000,000, a decrease of 10.8% from the high of $7,794,000,000 in November.

"The daily rate in December averaged $267,300,000 as compared to $299,800,000 in November. The daily rate is based on the 26 days in each month on which checks were cleared by the Treasury.

"These figures include checks cleared by the Treasury and payable from war appropriations and net outlays of the Reconstruction Finance Corporation and its subsidiaries for war purposes."

First Post-War Automobile May Be Built By Aircraft Industry, Stout, of Vultee, Declares

No one should be surprised if the first "real" motorcar after the war is built by the aircraft industry and not by an automotive manufacturer, William B. Stout, designer and engineer, told the United Press in an interview in Detroit on Jan. 23. These advices report that Mr. Stout, head of the Stout Research Division of Consolidated-Vultee Aircraft, said there are two reasons for this: reasons for this:

"1. Automobile manufacturers are trailing far behind the aircraft industry in engineering and research.

"2. The automotive industry is shackled financially and production-wise to outmoded tools and dies worth millions of dollers."

The United Press dispatch further qouted Mr. Stout as follows:

"But regardless of who makes the first "real" motorcar, Mr. Stout said, it will be neither a "small" car nor a model selling for $400, $500 or $600.

"The American people," he asserted, "don't want a small car, and they don't want a cheap one. After all, almost every one buys a car on the installment plan and a couple of dollars a month difference in the payments doesn't mean anything. Manufacturers will tell you that de luxe models always sell better, anyway."

Speaking of the post-war automobile, Mr. Stout said it is not surprising that the first model produced by the industry when civilian manufacture is resumed is expected to resemble closely the 1942 models.

"It's got to be that way," he said, "because automobile manufacturers are tied down to a lot of expensive tools. Moreover, they've got to move fast with a new car, and you can't do it if you have to retool completely. But if they mistake the period of brisk demand right after the war as something permanent instead of temporary, in my opinion the whole industry will be sunk."

Mr. Stout said that the aviation industry is as far ahead of the automobile industry in engineering and research as the automobile industry is ahead of the railroads.

"The aircraft industry has given airplanes better engines, better frames, better heating, air-conditioning, ventilation and soundproofing than the automobile industry has given its passenger cars," he continued. "It has spent $1,000,000 on research to every $1,000 spent by the automotive industry. The automobile industry can't make drastic changes in cars because of the expensive tooling set-up."

This situation, Mr. Stout said, provides the aircraft industry with "a grand opportunity to come in with the first real motor car." He said a few airplane manufacturers are thinking seriously of "doing just that."

"If they do," he said "they'll put the engine in the front or back, on the roof or in the wheels—wherever it's best to put it from an engineering standpoint. They'll fight weight, but they won't build a small car. Americans want room in their automobiles, and you can give them a lot of it without increasing the size of the present car."

Mr. Stout predicted that the car of the future will be "half way between the present car and a station wagon."

"It will be powered by a small, air-cooled airplane engine," he said. "It will give you better economy—22 to 25 miles to a gallon of gasoline. It will be a lot lighter. We should be able to make a car with 125-inch wheel base weigh less than 2,000 pounds after the war."

Sees Roosevelt Administration Headed For Socialized Form Of Government

W. S. Jack, President of Jack & Heintz, manufacturers of aircraft parts, said on Jan. 14, according to the Associated Press, that the Roosevelt administration was "flirting with a revolution," as he commented on a War Department order to reduce by $7,000,000 the cost of products his company sold the Government during 1942. The Associated Press advices from Cleveland, went on to say:

"The Roosevelt administration is flirting with a revolution when the men come home from the war," the Cleveland News quoted Mr. Jack as saying. "Our soldiers are coming home expecting jobs in American factories. But our factories will not be left a dime for the post-war period. What do you think these men are going to think when they are offered new and glorified WPA jobs? I tell you they are coming home to the worst mess in the nation's history."

Asked whether Jack & Heintz might suspend operations after the war, Mr. Jack replied:

"It certainly will not. We've just been called to the rescue of equipment for the big bomber. Of course we'll go. We wouldn't think of halting now or ever.

"We need additional capital of $10,000,000 to $15,000,000 for our safety. My auditors tell me I have about $600,000. I'll put that in, everything I have, to carry on. We'll ask associates (employees) for subscriptions. We'll do our part."

It was further reported from Cleveland on Jan. 17 that Mr. Jack stated that he will fight in the courts the $7,000,000 Treasury Department contract renegotiation assessment made against his company, the Associated Press on that date adding:

Mr. Jack coupled his challenge with a declaration that America was heading for a socialized form of government and a dictatorship greater than any ever seen.

"How will we ever have a new world tomorrow," he asked at a week end company banquet, "if the present form of government, which is a dictatorship, is to continue in office?"

Dec. Cotton Consumption

The Census Bureau at Washington on Jan. 14 issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles for the month of December.

In the month of December, 1943, cotton consumed amounted to 852,016 bales of line and 107,559 bales of linters, as compared with 858,813 bales of lint and 109,987 bales of linters in November, 1943, and with 935,870 bales of lint and 108,457 bales of linters in December, 1942.

In the five months ending with Dec. 31, cotton consumption was 4,271,407 bales of lint and 553,751 bales of linters, against 4,706,523 bales of lint and 575,462 bales of linters in the same five months a year ago.

There were 2,400,170 bales of lint and 457,919 bales of linters on hand in consuming establishments on Dec. 31, 1943, which compares with 2,388,772 bales of lint and 437,930 bales of linters on Nov. 30, 1943, and with 2,549,911 bales of lint and 502,412 bales of linters on Dec. 31, 1942.

On hand in public storage and at compresses on Dec. 31, 1943, there were 12,649,909 bales of lint and 60,879 bales of linters, which compares with 12,936,375 bales of lint and 51,783 bales of linters on Nov. 30, 1943, and with 13,573,163 bales of lint and 83,676 bales of linters on Dec. 31, 1942.

There were 22,596,322 cotton spindles active during December, 1943, which compares with 22,623,406 active cotton spindles during November, 1943, and with 22,923,406 active cotton spindles during December, 1942.

N. Y. Reserve Bank 1943 Earnings Higher

Net earnings of the Federal Reserve Bank of New York, after all additions and deductions, amounted to $15,331,000 in 1943, which compares with net earnings of $4,568,000 for 1941, according to the Bank's 29th annual statement, issued on Jan. 10 by Allan Sproul, President. The total earnings of the Bank for 1943 are reported at $17,998,000, contrasting with $14,078,000 in 1942, and the net expenses during the year were $10,034,000 against $8,880,000 last year, leaving current net earnings in 1943 of $7,964,000, compared with $5,198,000 in 1942. Total additions to current net earnings in 1943 were $10,245,000, nearly all ($10,217,000) representing profits on sales of U. S. Government securities, and compared with additions in 1942 of $974,000, of which $967,000 was profits on securities.

The total deductions from current net earnings in 1943 were $2,878,000, consisting of provisions for the retirement system and the special reserve on bank premises, as against deductions of $1,604,000 in 1942.

From the net earnings for 1943 the Reserve Bank paid dividends of $3,280,000, transferred $12,033,000 to surplus under Sections 7 and 13-B of the Federal Reserve Act, and paid the United States Treasury $18,000 under Section 13-B of the Reserve Act. A year ago the Bank paid dividends of $3,184,000 and transferred $1,350,000 to surplus. The Bank's surplus at the end of 1943 stood at $70,012,000, compared with $58,001,000 at the end of 1942.

During 1943 the total assets of the New York Federal Reserve Bank increased to $9,537,938,000 on Dec. 31 from $9,048,863,000 on Dec. 31, 1942. Reserves declined during the year to $6,001,376,000 from $6,930,038,000, while holdings of U. S. Government securities amounted to $3,000,110,000 on Dec. 31, 1943, comparing with $1,697,229,000 at the end of 1942. Total deposits on Dec. 31, 1943, were $5,320,745,000, against $5,845,664,000 at the end of 1942.

The Bank's profit and loss account for 1943, together with 1942 figures, follows:

The following is the Bank's profit and loss account for the calendar years 1943 and 1942 (in thousands of dollars):

	1943	1942
Earnings	$17,998	$14,078
Net expenses	10,034	8,886
Current net earnings	$7,964	$5,198
Additions to current net earnings		
Profits on sales of U. S. Government Secs.	$10,217	$967
All other	28	7
Total additions	$10,245	$974
Deductions from current net earnings:		
Retirement system	$2,389	$1,122
Special reserve on bank premises	482	482
All other	7	
Total deductions	$2,878	$1,604
Net earnings	$15,331	$4,568
Paid United States Treasury (section 13b)	$18	$34
Dividends paid	3,280	3,184
Transferred to surplus (section 13b)	22	
Transferred to surplus (section 7)	12,011	1,350
Surplus (section 7) beginning of year	$58,001	$56,651
Addition as above	12,011	1,350
Surplus (section 7) end of year	$70,012	$58,001

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The New York Stock Exchange issued on Jan. 18 the following tabulation of companies reporting changes in the amount of stock held as heretofore reported by the Department of Stock List:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allegheny Ludlum Steel Corp., common	2,546	2,350	(1)
Allied Stores Corp., 5% preferred	2,212	3,212	
American-Hawaiian Steamship Co., capital	79,600	79,700	
American Hide and Leather Co., 6% cm. cv. pfd.	None	700	
American Ice Co., 6% preferred	43,200	1,300	(2)
Armour and Co., common	3½	5	
Associates Investment Co., common	41,522	43,235	
5% cumulative preferred	657	None	
Atlas Corp., common	31,543	44,567	
6% preferred	13	None	(3)
Atlas Powder Co., common	7,370	7,371	
Barker Bros. Corp., 5½% cumulative preferred	13,926	14,606	
Belding Heminway Co., common	58,032	58,332	
Borden Co., The, capital	87,958	92,958	(4)
Carriers & General Corp., capital	None	500	
Case (J. I.) Co., common	1,208	1,127	
Chicago Pneumatic Tool Co., cum. prior preferred	7,031	7,281	
Chicago Yellow Cab Co., Inc., capital	40,269	40,569	
Chicago Mail Order Co., common	5,000	None	
Copperweld Steel Co., 5% cum. cv. preferred	8,659	9,149	
Cuban-American Sugar Co., The, 5½% cv. preferred	36,120	42,015	
Davega Stores Corp., common	16,450	16,750	
5% cumulative preferred	3,325	100	(6)
Distillers Corp.-Seagrams, Ltd., cum. pfd. 5% series	None	1,450	
duPont (E. I.) deNemours & Co., common	11,186	11,830	
Electric Boat Co., capital	47,275	75,475	
Fruehauf Trailer Co., common	2,448	2,748	
5% convertible preferred	720	810	
General American Transportation Corp., common	630	3,300	
General Motors Corp., common	848,524	873,409	
Gimbel Brothers, Inc., $6 cumulative preferred	8,211	9,711	
Interstate Department Stores, Inc., 7% preferred	6,121	6,471	
Jewel Tea Co., Inc., common	2,546	2,506	
4¼% preferred	1,400	1,450	
Keith-Albee-Orpheum Corp., 7% cm. cv. preferred	None	28	
Lehman Corp., The, common	14,700	20,900	
Madison Square Garden Corp., capital	29,200	30,000	
Mead Corp., preferred $5.50 series B	3,217	3,373	
National Department Stores Corp., 6% preferred	4,845	10,373	
National Steel Corp., capital	1,730	1,680	
Newport News Shipbuilding and Dry Dock Co.— $5 cumulative convertive preferred	20,700	22,500	
Norfolk and Western Railway Co., adj. preferred	7,212	7,907	
Plymouth Oil Co., capital	11,384	12,784	
Pullman Inc., capital	15,500	51,000	
Purity Bakeries Corp., common	32,569	32,469	
Radio-Keith-Orpheum Corp., 6% preferred	9,300	9,690	
Safeway Stores, Inc., 5% cumulative preferred	89.5	90.7	
Schenley Distillers Corp., 5½% cumulative preferred	6,940	7,090	
Sinclair Oil Corp., common	440,838.25	443,939.90	
Sterling Drug, Inc., capital	33	34	
Texas Co., The, capital	792,812	813,925	
Transamerica Corp., capital	1,217,992	1,218,000	
United States Gypsum Co., common	55,049	54.681	
United Aircraft Corp., 5% cumulative preferred	None	None	(5)
United States Leather Co., The, prior preference	6,922	7,062	
United States Plywood Corp., common	450	1,950	
United States Rubber Co., common	17	18	
Vick Chemical Co., capital	20,600	20,800	
Willys-Overland Motors, Inc., 6% cm. cv. pfd.	97,695	103,295	
Wilson & Co., common	7,836.1753	7,856.9414	
Preferred	1,551.9065	1,552.4211	

NOTES

(1) Acquired 54; disposed of 250.
(2) Acquired 7,000; cancelled 48,900.
(3) Acquired 3; disposed of 16.
(4) Acquired 5.690; issued 690 shares covering purchase of Fluid Milk Business in Marion, Ohio.
(5) Acquired 1,200; disposed of 1,200.
(6) Acquired 100; retired 3,325.

The New York Curb Exchange has issued the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
Air Investors, Inc., convertible preference	2,835	None
American Cities Pw. & Lt. Corp., A opt. div. ser. 1936	2,800	None
Convertible A optional division series	783	None
American General Corp., common	382,569	385,113
American Writing Paper Corp., common	37,762	40,862
Automatic Products Corp., capital	400	1,400
Cooper-Bessemer Corp., $3 prior preference	208	None
Coro, Inc., common	19,633	19,833
Dejay Stores, Inc., common	18,506	18,706
Dennison Manufacturing Co., A common	9,754	10,869
Equity Corp., $3 convertible preferred	54,423	55,073
Esquire, Inc., capital	24,663	29,463
Fuller (Geo. A.) Co., 4% convertible preferred	6,989	7,189
$3 convertible stock	23	24
Common	212	214
Gellman Manufacturing Co., common	11,105	11,755
Hearn Department Stores, Inc., 6% preferred	24,324	24,824
Ken-Rad Tube & Lamp Corp., A common	9,950	10,000
Knott Corp., common	10,212	10,312
Mock, Judson, Voehringer Co., Inc., common	16,867	17,307
North Central Texas Oil Co., Inc., common	33,000	33,200
Seeman Brothers, Inc., common	20,600	20,800
Selected Industries, Inc., $5.50 div. prior stock	1,500	None
Sterchi Bros. Stores, Inc., 6% 1st preferred	680	910
5% 2nd preferred	660	715
Sunray Oil Corp.,5½% convertible preferred	1,268	1,368
Trunz, Inc., common	17,559	18,464
United Chemicals, Inc., $3 part. preferred	942	1,042
United Cigar-Whelan Stores Corp., common	12,208	12,213
Utility Equities Corp., $5.50 div. prior stock	10,900	11,100

Investment In War Loan Of Idle Funds Urged By President Sproul Of Reserve Bank

Incident to the start of the Fourth War Loan Drive for $14,000,000,000 on Jan. 18, Allan Sproul, President of the Federal Reserve Bank of New York, urges banks to invest temporarily idle funds in Treasury bills or other appropriate short-term securities. Mr. Sproul in his advices to banks and trust companies states:

"Since there are no reserve requirements with respect to such accounts for the period of the war and for six months thereafter, this transfer will normally result in a decline in the required reserves of the banks having such accounts and an increase in their excess reserves.

"As the experience of banks in connection with the Second and Third War Loans has demonstrated, this increase in excess reserves will be only temporary. Government funds in war loan deposit accounts will be drawn down gradually, private deposits will rise again, and the required reserves of the banks will increase.

"In the circumstances, banks are urged to invest these temporarily idle funds in Treasury bills or other appropriate short-term securities. Treasury bills are particularly suitable for this purpose because of the fixed buying rate, with a repurchase option, established for them by the Federal Reserve Banks."

Electric Output For Week Ended Jan. 22, 1944, Shows 14.0% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Jan. 22, 1944, was approximately 4,531,662,000 kwh., compared with 3,974,202,000 kwh. in the corresponding week a year ago, an increase of 14.0%. The output of the week ended Jan. 15, 1944, was 14.8% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Jan 22	Jan. 15	Jan. 8	Jan. 1
New England	3.2	5.3	6.0	5.0
Middle Atlantic	13.0	14.5	16.1	14.9
Central Industrial	9.9	10.3	8.3	8.2
West Central	6.2	6.4	4.6	5.9
Southern States	16.7	17.4	20.1	18.8
Rocky Mountain	11.5	12.8	18.1	15.4
Pacific Coast	29.4	29.9	32.9	30.7
Total United States	14.0	14.8	15.6	14.7

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Nov. 6	4,413,863	3,761,961	+17.3	3.368,690	1,520,730	1,798,164
Nov. 13	4,482,665	3,775,878	+18.7	3.347,893	1,531,584	1,793,584
Nov. 20	4,513,299	3,795,361	+18.9	3.247,938	1,475,268	1,818,169
Nov. 27	4.403,342	3,766,381	+16.9	3,339,364	1,510,337	1,718,002
Dec. 4	4,560,158	3,883,534	+17.4	3,414,844	1,518,922	1,806,225
Dec. 11	4,566,905	3,937,524	+16.0	3,475,919	1,563,384	1,840,863
Dec. 18	4,612,994	3,975,873	+16.0	3,495,140	1,554,473	1,860,021
Dec 25	4,295,100	3,655,926	+17.5	3,234,128	1,414,710	1,637,683
Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Jan. 1	4,337,387	3,779,993	+14.7	3,288,685	1,619,265	1,542,000
Jan. 8	4,567,959	3,952,587	+15.6	3,472,579	1,602,482	1,733,810
Jan. 15	4,539,083	3,952,479	+14.8	3,450,468	1,598,201	1,736,721
Jan. 22	4,531,662	3,974,202	+14.0	3,440.163	1,588,967	1,717,315

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jan. 25	119.54	111.25	118.40	116.41	111.07	100.16	104.31	113.31	116.41
24	119.57	111.07	118.40	116.22	111.07	100.16	104.14	113.31	116.41
22	119.58	111.07	118.40	116.22	111.07	100.16	104.31	113.31	116.41
21	119.58	111.25	118.40	116.41	111.07	100.16	104.31	113.31	116.41
20	119.58	111.07	118.40	116.22	111.25	100.00	104.14	113.31	116.41
19	119.55	111.25	118.60	116.41	111.25	99.84	103.97	113.31	116.61
18	119.55	111.25	118.60	116.41	111.25	100.00	104.14	113.31	116.61
17	119.57	111.25	118.60	116.41	111.25	99.84	103.97	113,31	116.61
15	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.61
14	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.41
13	119.57	111.07	118.80	116.41	111.07	99.68	103.97	113.50	116.41
12	119.60	111.07	118.80	116.41	111.07	99.52	103.97	113.50	116.41
11	119.63	111.07	118.80	116.41	111.25	99.36	103.97	113.50	116.22
10	119.69	111.07	118.80	116.41	111.07	99.36	103.97	113.50	116.22
8	119.71	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22
7	119.69	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22
6	119.65	110.88	118.60	116.22	111.07	99.36	103.64	113.50	116.22
5	119.59	110.88	118.40	116.22	111.07	99.20	103.64	113.50	116.22
4	119.50	110.70	118.40	116.22	110.88	99.04	103.47	113.50	116.02
3	119.48	110.70	118.20	116.22	110.88	99.04	103.30	113.31	116.22
1	STOCK EXCHANGE CLOSED.								
High 1944	119.71	111.25	118.80	114.41	111.25	100.16	104.31	113.50	116.61
Low 1944	119.48	110.70	118.20	116.22	110.88	99.04	103.30	113.31	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year ago Jan. 25, 1943	117.05	108.52	117.40	114.85	109.60	94.41	98.88	112.37	115.24
2 Years ago Jan. 24, 1942	117.38	106.92	116.22	114.08	107.62	91.91	97.31	110.52	113.70

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jan. 25	1.86	3.10	2.73	2.83	3.11	3.74	3.49	2.99	2.83
24	1.86	3.11	2.73	2.84	3.11	3.74	3.50	2.99	2.83
22	1.86	3.11	2.73	2.84	3.11	3.74	3.49	2.99	2.83
21	1.86	3.10	2.73	2.83	3.11	3.74	3.49	2.99	2.83
20	1.86	3.11	2.73	2.84	3.10	3.75	3.50	2.99	2.83
19	1.86	3.10	2.72	2.83	3.10	3.76	3.51	2.99	2.82
18	1.86	3.10	2.72	2.83	3.10	3.75	3.50	2.99	2.82
17	1.86	3.10	2.72	2.83	3.10	3.76	3.51	2.99	2.82
15	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.82
14	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.83
13	1.86	3.11	2.71	2.83	3.11	3.77	3.51	2.98	2.83
12	1.86	3.11	2.71	2.83	3.11	3.78	3.51	2.98	2.83
11	1.86	3.11	2.71	2.83	3.10	3.79	3.51	2.98	2.84
10	1.85	3.11	2.71	2.83	3.11	3.79	3.51	2.98	2.84
8	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84
7	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84
6	1.85	3.12	2.72	2.84	3.11	3.79	3.53	2.98	2.84
5	1.86	3.12	2.73	2.84	3.11	3.80	3.53	2.98	2.84
4	1.86	3.13	2.73	2.84	3.12	3.81	3.54	2.98	2.85
3	1.87	3.13	2.74	2.84	3.12	3.81	3.55	2.99	2.84
1	STOCK EXCHANGE CLOSED.								
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	2.99	2.85
Low 1944	1.85	3.10	2.71	2.83	3.10	3.74	3.49	2.98	2.82
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year ago Jan. 25, 1943	2.06	3.25	2.78	2.91	3.19	4.11	3.82	3.04	2.89
2 Years ago Jan. 24, 1942	2.03	3.34	2.84	2.95	3.30	4.28	3.92	3.14	2.97

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Moody's Daily Commodity Index

Tuesday, Jan. 18	247.2
Wednesday, Jan. 19	247.4
Thursday, Jan. 20	247.3
Friday, Jan. 21	247.4
Saturday, Jan. 22	247.8
Monday, Jan. 24	247.7
Tuesday, Jan. 25	247.8
Two weeks ago, Jan. 11	247.5
Month ago, Dec. 24	246.4
Year ago, Jan. 25	244.4
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Jan. 22	247.8
Low, Jan. 5	247.0

From Washington

(Continued from first page)

they had a perfect meeting of minds. So we were told. It was a darned good thing we had a man like Mr. Roosevelt who could accomplish these things. And it followed that we could never let him go because manifestly we could not replace a man who understood the language of Stalin and whose language was understood by Stalin in return. It was sort of silly for the Republicans to run a candidate for the Presidency.

This contention that he has understandings with these foreign statesmen that he can't possibly tell anybody else about is his principal bid for a Fourth Term. Of the foreign statesmen Stalin was the hardest nut to crack. But FD did. His persuasive abilities are so good that he persuaded Stalin to meet him and then persuaded him to reach an understanding. It seems to be so important that Stalin understands us, that Mr. Roosevelt's Fourth Term sailing seemed to be going along smoothly, indeed.

Then, of a sudden, the "Pravda" article figuratively kicks him in the pants.

That is what was embarrassing about it, not that it bore on the future relations between two peoples, because they are very definitely grooved and not to be turned by hokum designed for domestic political use. It was very embarrassing on this score because it was something on which people generally could put their fingers and conclude "We are being kidded somewhere." As it is, it would seem that developments in Eastern Europe, in themselves, will sooner or later bring a realization to the American people embarrassing to Mr. Roosevelt's Fourth Term aspirations. But there is a reluctance on the part of the Republicans to take Stalin's name in vain or discuss him in any way and thus help the realization develop, so it will apparently have to come slowly. The "Pravda" article pointed the thing up and therefore Mr. Roosevelt and his Fourth Term managers are glad it has blown over.

Yet, the relief to them is likely to be only temporary. Something else like this is sure to come along. You can't escape the impression that Stalin has a contempt for the way our politicians perform. He probably considers that if we didn't have our crazy system they wouldn't have to do that way.

If you will recall, he kicked Mr. Hull in the pants right at the height of his being a national hero. His Ambassador in Mexico City, Oumansky, slyly said that we seemed to be mistaken about what constituted the Polish border. No reason to say this at the particular time when we were rejoicing that understanding and goodwill had been reached.

The experience of one of our distinguished visitors to Moscow may throw some light on Stalin's attitude. He explained that he was not a politician, just a business man.

"I don't like politicians," he quoted Stalin as saying.

Subsequently Stalin turned to him and said:

"Mr. Blank, we like to have you Americans visit us. You don't come to us as aristocrats."

This was taken as a slap at Churchill. But Mr. Roosevelt is also an aristocrat. We don't know, but we wouldn't be surprised if Stalin is annoyed with a man who plays at revolution. Why doesn't he go ahead and have it without so much indirection, Stalin may think. As a first class revolutionist, you can see that he might feel contemptuous of amateurs.

Civil Engineering Construction $25,500,000 For Week—Private Work Gains Over 1943 Week

Civil engineering construction volume in continental U. S. totals $25,500,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 74% lower than a week ago, and 62% below the total reported for the corresponding 1943 by "Engineering News-Record" on Jan. 20, which also added:

Private construction is up 30% compared with a year ago, but declines 12% from a week ago. Public construction is 67 and 78% lower, respectively, than last year and last week.

The current week's volume brings 1944 construction to $145,777,000 for the three-week period, a decrease of 21% from the $184,971,000 for the corresponding 1943 period. Private construction, $16,870,000 is 47% higher than last year, but public construction, $128,907,000, is down 26% as a result of the 61% decrease in State and municipal work, and the 23% decline in Federal volume.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	Jan. 21, '43	Jan. 13, '44	Jan. 20, '44
Total U. S. Construction	$67,930,000	$98,680,000	$25.500,000
Private Construction	3,497,000	5,145,000	4,542,000
Public Construction	64,433,000	93,535,000	20,958,000
State and Municipal	3,426,000	965,000	1,095,000
Federal	61,007,000	92,570,000	19,863,000

In the classified construction groups, gains over last week are in sewerage, industrial buildings, and earthwork and drainage. Increases over the 1943 week are in sewerage, bridges, industrial and commercial buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $497,000; sewerage, $453,000; bridges, $114,000; industrial buildings, $1,357,000; commercial building and large-scale private housing, $3,009,000; public buildings, $15,384,000; earthwork and drainage, $310,000; streets and roads, $841,000; and unclassified construction, $3,535,000.

New capital for construction purposes for the week totals $10,175,000, a gain of 326% over a year ago. The current week's new financing is made up of $4,300,000 in corporate security issues, $3,975,000 in State and municipal bond sales, and $1,900,000 in RFC loans for private industrial construction.

New construction financing for 1944 to date, $143,796,000, compares with $3,066,000 for the opening three-week period in 1943.

December Civil Engineering Construction $176,460,000—Private Work Tops '42 Month

Civil engineering construction volume in continental U. S. totals $176,460,000 for December, an average of $35,292,000 for each of the five weeks of the month. This average volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is the lowest reported to "Engineering News-Record" since September, 1935. It is 31% lower than the average for the four weeks of November, 1943, and 53% below the average for five weeks of December, 1942. The report made public on Jan. 14 went on to say:

On the weekly average basis, private construction tops the December, 1942, volume by 210%, but declines 55% from the preceding month's average. Public work is down 62% compared with the 1942 month, and is 17% lower than a month ago. Both State and municipal work and Federal volume, which combine to make up the public total, are below last year, but State and municipal construction is up 16% above last month, while Federal is down 19%.

Civil engineering construction volumes for the three months are:

	Dec., 1942 (5 weeks)	Nov., 1943 (4 weeks)	Dec., 1943 (5 weeks)
Total U. S. Construction	$373,622,000	$203,632,000	$176,460,000
Private Construction	13,279,000	73,195,000	41,199,000
Public Construction	360,343,000	130,437,000	135,261,000
State and Municipal	15,448,000	7,373,000	10,647,000
Federal	344,895,000	123,064,000	124,614,000

New Capital

New capital for construction purposes for December, 1943, totals $7,996,000, a volume 47% lower than that reported for the corresponding month last year. The current month's new financing is made up of $7,273,000 in State and municipal bond sales, $203,000 in corporate security issues, and $500,000 in RFC loans for public improvements.

The December new construction financing total brings 1943 new financing to $3,073,080,000 for the 52-week period, a volume that is 69% below the $10,219,318,000 reported for the 53-week 1942 period.

Wholesale Commodity Index Advanced 0.1% During Week Ended Jan. 15, Labor Dept. Reports

The U. S. Department of Labor announced on Jan. 20 that higher prices for fruits and vegetables, particularly apples, citrus fruits and potatoes, brought the Bureau of Labor Statistics' index of commodity prices in primary markets up 0.1% during the week ended Jan. 15. The all-commodity index, at 103.0% of the 1926 average, has fluctuated within a very narrow range during the past year. It is 0.1% over the corresponding week of December and 1.4% higher than at this time last year.

The Department's announcement further said:

"**Farm Products and Foods**—Average prices for farm products in primary markets rose 0.2% as a result of higher quotations for fresh fruits and vegetables, for most grains, and for sheep. Egg prices in many markets were lower. Cattle declined about 2½% and hogs dropped 1% as heavy marketings continued. Lower prices were also reported for certain types of imported wools.

"The increased prices for apples, citrus fruits and potatoes accounted for most of the rise of 0.2% in average prices for foods. An advance of 2.4% was reported in prices for rye flour. The only important price decrease in foods was a seasonal drop of 2.5% for eggs.

"**Industrial Commodities**—A further slight advance in prices for anthracite caused the fuel and lighting materials group index to rise 0.1%. Average prices for metals and metal products declined 0.1% as quotations for quicksilver weakened because of large supplies for which there was little demand. In the building materials group, higher prices for rosin and turpentine were offset by lower prices for sewer pipe and the group index remained unchanged."

The following notation is made:

During the period of rapid changes caused by price controls, materials and allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for Dec. 18, 1943, and Jan. 16, 1943, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Jan. 15, 1944 from—		
Commodity Groups—	1-15 1944	1-8 1944	1-1 1944	12-18 1943	1-16 1943	1-8 1944	12-18 1943	1-16 1943
All commodities	*103.0	*102.9	*103.0	*102 9	101.6	+0.1	+0.1	+ 1.4
Farm products	122.1	121.9	122.1	121.8	116.6	+0.2	+0.2	+ 4.7
Foods	104.8	104.6	105.1	105.7	104.8	+0.2	—0.9	0
Hides and leather products	117.9	117.9	117.9	117.9	118.4	0	0	— 0.4
Textile products	97.2	97.2	97.2	97.2	96.7	0	0	+ 0.5
Fuel and lighting materials	*82.7	*82.6	*82.6	*82.6	80.1	+0.1	+0.1	+ 3.2
Metals and metal products	*103.8	*103.9	*103.9	*103.9	103.9	—0.1	—0.1	— 0.1
Building materials	113.4	113.4	113.5	113.4	110.0	0	0	+ 3.1
Chemicals and allied products	100.4	100.3	100.3	100.3	99.5	+0.1	+0.1	+ 0.9
Housefurnishing goods	104.4	104.4	104.4	104.4	104.1	0	0	+ 0.3
Miscellaneous commodities	93.0	93.0	93.0	93.0	90.5	0	0	+ 2.8
Raw materials	*112.3	*112.1	*112.3	*112.1	107.6	+0.2	+0.2	+ 4.4
Semimanufactured articles	93.1	93.1	93.1	93.1	92.5	0	0	+ 0.6
Manufactured products	*100.4	*100.4	*100.3	*100.4	100.3	0	0	+ 0.1
All commodities other than farm products	*98.9	*98.9	*98.9	*98.9	98.3	0	0	+ 0.6
All commodities other than farm products and foods	*97.9	*97.8	*97.8	*97.8	96.3	+0.1	+0.1	+ 1.7

*Preliminary.

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on Jan. 14 that reports received by the bank from commercial paper dealers show a total of $202,000,000 of open market paper outstanding on Dec. 31. This was a decline of $1,300,000 from the revised Nov. 30 total of $203,300,000, and a decline of $27,900,000 from the Dec. 31, 1942 total of $229,900,000.

Following are the totals for the last two years:

1943—	$	1942—	$
Dec 31	202,000,000	Dec 31	229,900,000
Nov 30	203,300,000	Nov 30	260,600,000
Oct 30	187,800,000	Oct 31	271,400,000
Sep 30	169,500,000	Sep 30	281,800,000
Aug 31	156,200,000	Aug 31	297,200,000
July 31	149,800,000	July 31	305,300,000
Jun 30	143,300,000	Jun 30	315,200,000
May 29	159,600,000	May 29	354,200,000
Apr 30	178,900,000	Apr 30	373,100,000
Mar 31	200,600,000	Mar 31	384,300,000
Feb 27	209,100,000	Feb 28	388,400,000
Jan 30	220,400,000	Jan 31	380,600,000

Bank Debits For Month Of December

The Board of Governors of the Federal Reserve System issued on Jan. 11, its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

			—3 Months Ended—	
Federal Reserve District—	Dec. 1943	Dec. 1942	Dec. 1943	Dec. 1942
Boston	3,584	3,690	10,212	9,792
New York	31,489	28,242	83,214	70,646
Philadelphia	3,600	3,212	9,453	8,417
Cleveland	5,186	4,847	14,086	12,803
Richmond	2,803	2,669	8,017	7,570
Atlanta	2,672	2,317	7,370	6,380
Chicago	12,026	10,463	32,804	28,382
St. Louis	2,222	2,056	6,444	5,939
Minneapolis	1,531	1,287	4,386	3,627
Kansas City	2,582	2,342	7,083	6,310
Dallas	2,249	2,002	6,077	5,442
San Francisco	6,555	5,694	18,646	15,621
Total, 334 centers	76,499	68,822	207,792	180,929
New York City*	28,936	25,897	76,252	64,232
140 other centers*	40,155	36,077	110,984	97,696
193 other centers	7,409	6,848	20,554	19,001

*Included in the national series covering 141 centers, available beginning in 1919.

Net Operating Earnings Of $6,836,818 Reported By Chemical Bank & Trust Co.

Sees Peak of Deposits Reached for War Period

Ponting out that "it has been our practice" in the annual report "to comment on the economic situation and the policies of our Government," Percy H. Johnston, Chairman of the Board of the Chemical Bank & Trust Co. of New York, told the stockholders at the annual meeting on Jan. 19 that "as long as we are at war we shall refrain from doing so, other than to say we hope, when this conflict is ended, we shall not have led the remainder of the world to believe that we will, or can, supply all their needs and desires."

Mr. Johnston went on to say that "our own debt will be so great and our requirements so vast we shall have our hands full supplying the wants and necessities of our own people. If we are to maintain our standard of living, we shall have to economize in every possible way in order that our own population may be gainfully employed. From a layman's point of view, the war is progressing as well as could be hoped for or expected. It is deadly and costly and we must back our Government with all our energy, loyalty and resources. We again pledge this historic Institution's facilities and its man-power for that purpose."

In his report also Mr. Johnston noted that the bank's operations are greatly changed from peace time, and, he said:

"During the year, the bank has taken a leading part in the financing of the war and its principal effort has been directed to that end. War industry loans and commitments made amounted to $222,729,296.00 and in the three Government Bond Campaigns, its Team, No. 7, procurred 64,722 subscriptions amounting to $818,331,600.00. On its own account, this Bank has purchased $335,900,000.00 in War Bonds. Its holdings of United States Government obligations at the end of 1943 amounted to $657,728,405.67.

"The bank operated with average excess reserves of $4,600,984.57."

"We are inclined to the opinion," said Mr. Johnston, "that the peak of New York City bank deposits has been reached for the war period. In a large measure, the vast amount of money being used to finance the war goes to the heavy manufacturing districts over the country and by the time the funds flow back to New York, further war bond campaigns will absorb such deposits."

Stating that "the bank had another excellent year with substantial earnings," Chairman Johnston stated:

"The regular dividend of $3,600,000 was earned and paid to the Bank's shareholders and provision made for all expenses and losses. The amount of $2,017,000 was provided for Income, Franchise and other taxes and $788,024 was paid for Federal Deposit Insurance. There was also charged against current income $5,639,496 for amortization of bond premiums; $60,000 for reduction of the banking house on West 51st Street (adjoining Rockefeller Plaza); $822,979 in reduction of the book value of the office building at 270 Broadway (erected on the side of our former banking home); $358,900 for employee welfare, after which $2,013,289 was added to the Bank's net worth."

The bank's operating earnings figures for 1943 were reported as follows by Mr. Johnston:

Operating Income—	
Interest on loans	$3,657,203.30
Interest and dividends on securities	9,191,050.47
Fees, commissions and other income	2,353,608.77
	$15,201,862.54
Operating Expenses—	
Salaries and wages	3,582,286.19
Other operating expenses	4,782,758.84
	$8,365,045.03
Net operating earnings	$6,836,817.51

From Mr. Johnston's report we also take the following:

Reconciliation of Capital, Surplus and Undivided Profits

Total as of Dec. 31, 1942	$80,456,273.27
Net operating earnings (as above)	6,836,817.51
Net profits and recoveries on securities	622,325.85
Miscellaneous credits	140,398.92
	$7,599,542.28
Less—	
Dividends	3,600,000.00
To reserve for contingencies	1,986,253.24
	$5,586,253.24
Net addition to undivided profit account	2,013,289.04
Capital, surplus and undivided profits, Dec. 31, '43	$82,469,652.31

In the New York "Times" it was observed that more than 200 stockholders of the bank were present at the meeting, representing 70% of the institution's capital stock. From the same paper we quote:

"At the conclusion of the meeting, a resolution was passed by the stockholders changing the annual meeting date from the third Wednesday in January to the second Tuesday in January. The latter date was used from 1863 to 1929 when the back absorbed a trust company and adopted the latter's meeting date for fiscal reasons."

Fairchild Publications Retail Price Index Showed Slight Increase In December

The Fairchild Publications retail price index increased 0.1% during December, after having remained unchanged for three months. This reflects slight movements in two of the major groups, women's apparel and men's apparel. It is also 0.1% above Jan. 1, 1943, at which time prices had not yet undergone any ceiling adjustments. After July 1, 1943 the index remained unchanged for eight consecutive months, before any adjustments in ceiling prices took effect. The index is 27.3% above the low of 1939, the pre-war period.

Under date of Jan. 14, the Fairchild announcement further stated: "Both men's and women's apparel increased 0.1% during the month, with the other major groups remaining unchanged. In comparison with last year all the groups remained unchanged with the exception of men's and women's apparel which increased 0.1% and 0.6% respectively. The advance in women's apparel reflects continuing increases in furs, and that in men's apparel reflects a slight increase in shirts. Of the major groups piece goods advanced the most over the period immediately preceding the European war, and infants' wear the least.

"Three of the individual commodities recorded a change from Dec. 1, 1943, furs, men's shirts, and blankets and comfortables. There have been increases in fur index since April 1, 1943, and they advanced 0.6% during December. However, for the first time in many months there have been slight changes in blankets and comfortables, and in men's shirts, a decrease of 0.1% in the first, and an increase of 0.2% in the second. Furs have advanced the most over the 1939 pre-war level, and women's shoes the least.

"During the next few months there will continue to be only slight movements recorded by the index, according to A. W. Zelomek, economist under whose supervision the index is compiled."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
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	May 1, 1933	Jan. 1, 1943	Oct. 1, 1943	Nov. 1, 1943	Dec. 1, 1943	Jan. 1, 1944
Composite Index	69.4	113.1	113.1	113.1	113.1	113.2
Piece Goods	65.1	112.2	112.2	112.2	112.2	112.2
Men's Apparel	70.7	105.3	105.3	105.3	105.3	105.4
Women's Apparel	71.8	112.6	113.1	113.1	113.2	113.3
Infants' Wear	76.4	108.1	108.1	108.1	108.1	108.1
Home Furnishings	70.2	115.5	115.5	115.5	115.5	115.5
Piece Goods						
Silks	57.4	84.7	84.7	84.7	84.7	84.7
Woolens	69.2	108.0	108.0	108.0	108.0	108.0
Cotton Wash Goods	68.6	143.8	143.8	143.8	143.8	143.8
Domestics						
Sheets	65.0	126.8	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	135.0	135.0	135.0	135.0	134.9
Women's Apparel						
Hosiery	59.2	94.1	89.2	89.2	89.2	89.2
Aprons & House Dresses	75.5	140.5	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	111.2	111.2	111.2	111.2	111.2
Furs	66.8	134.5	142.6	142.7	143.0	143.9
Underwear	69.2	102.7	102.7	102.7	102.7	102.7
Shoes	76.5	92.4	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	108.0	108.1	108.1	108.1	108.1
Underwear	69.6	114.8	114.8	114.8	114.8	114.8
Shirts & Neckwear	74.3	99.1	99.1	99.1	99.1	99.3
Hats & Caps	69.7	94.3	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	105.9	106.0	106.0	106.0	106.0
Shoes	76.3	109.6	109.6	109.6	109.6	109.6
Infant's Wear						
Socks	74.0	114.5	114.6	114.6	114.6	114.6
Underwear	74.3	103.7	103.7	103.7	103.7	103.7
Shoes	80.9	106.0	106.0	106.0	106.0	106.0
Furniture	69.4	129.2	129.2	129.2	129.2	129.2
Floor Coverings	79.9	146.8	146.9	146.9	146.9	146.9
Radios	50.6	66.8	66.8	66.8	66.8	66.8
Luggage	60.1	94.7	94.7	94.7	94.7	94.7
Electrical Household Appliances	72.5	93.5	93.5	93.5	93.5	93.5
China	81.5	110.6	110.6	110.6	110.6	110.6

NOTE—Composite Index is a weighted aggregate. Major group indexes are arithmetic average of subgroups.

National Fertilizer Association Commodity Price Index Advances Fractionally

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public Jan. 24, advanced to 137.0 in the week ending Jan. 22 from 136.7 in the preceding week. This index has reached a new high and is 2.3% higher than the corresponding period of 1943. A month ago this index stood at 136.4 and a year ago at 133.9, based on the 1935-1939 average as 100. The Association's report went on to say:

The increase in the general level of the all-commodity price index was due principally to higher quotations for livestock. Although prices for wheat and rye were lower, the farm products group advanced as higher quotations were noted for cattle, lambs, and sheep. Both cotton and fluid milk advanced fractionally. Cotton has advanced to the highest level in three months. The foods group showed a slight upward trend due to higher quotations for potatoes and fluid milk. The average of industrial commodities remained unchanged.

During the week 7 price series in the index advanced and 2 declined; in the preceding week 5 advanced and 5 declined; and in the second preceding week 5 advanced and 7 declined.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Jan. 22, 1944	Preceding Week Jan. 15, 1944	Month Ago Dec. 25, 1943	Year Ago Jan. 23, 1943
25.3	Foods	139.9	139.7	139.8	138.0
	Fats and Oils	146.1	146.1	146.1	148.5
	Cottonseed Oil	159.6	159.6	159.6	159.0
23.0	Farm Products	155.2	154.2	154.1	150.7
	Cotton	191.4	190.1	187.8	195.2
	Grains	164.8	165.1	164.3	133.2
	Livestock	146.4	145.0	145.5	147.7
17.3	Fuels	129.5	129.5	127.6	120.0
10.8	Miscellaneous commodities	131.4	131.4	131.4	129.3
8.2	Textiles	150.6	150.4	150.1	150.5
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.4	152.4	152.4	151.4
1.3	Chemicals and drugs	127.7	127.7	127.7	127.6
.3	Fertilizer materials	117.7	117.7	117.7	117.6
.3	Fertilizers	119.9	119.9	119.8	119.1
.3	Farm machinery	104.2	104.2	104.2	104.1
100.0	All groups combined	137.0	136.7	136.4	133.9

*Indexes on 1926-1928 base were: Jan. 22, 1944, 106.7; Jan. 15, 106.5, and Jan. 23, 1943, 104.3.

Statutory Debt Limitation As Of Dec. 31, 1943

The Treasury Department made public on Jan. 5 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act, (as amended) outstanding on Dec. 31, 1943, totaled $171,202,306,893, thus leaving the face amount of obligations which may be issued, subject to the $210,000,000,000 statutory debt limitation at $38,797,693,107. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($171,202,306,893) should be deducted $6,493,469,301 (the unearned discount on savings bonds), reducing the total to $164,708,837,592, but to this figure should be added $1,168,441,401 (the other public debt obligations outstanding but not subject to the statutory limitation). Thus, the total gross debt outstanding as of Dec. 31, 1943, was $165,877,278,993.

The following is the Treasury's report for Dec. 31:

Statutory Debt Limitation as of Dec. 31, 1943

Section 21 of the Second Liberty Bond Act, as amended, provided that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $210,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$210,000,000,000
Outstanding as of Dec. 31, 1943:			
Interest-bearing:			
Bonds—			
Treasury	$67,944,415,000		
*Savings (maturity value)	33,856,250,325		
Depositary	406,157,250		
Adjusted service	719,305,107		
		$102,926,127,682	
Treasury notes	$26,960,936,225		
Certificates of indebtedness	27,845,870,000		
Treasury bills (maturity value)	13,072,182,000		
		67,878,988,225	
		$170,805,115,907	
Matured obligations, on which interest has ceased		194,115,325	
Bearing no interest:			
U. S. savings stamps	203,064,261		
Excess profits tax refund bonds	11,400		
		203,075,661	
			171,202,306,893
Face amount of obligations issuable under above authority			$38,797,693,107

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY DEC. 31, 1943

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act		$171,202,306,893
Deduct unearned discount on Savings Bonds (difference between current redemption value and maturity value)		6,493,469,301
		$164,708,837,592
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (pre-war, etc.)	$195,942,720	
Matured obligations on which interest has ceased	7,930,645	
Bearing no interest	964,568,036	
		1,168,441,401
Total gross debt outstanding as of Dec. 31, 1943		$165,877,278,993

*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement $27,362,781,024.

Non-Ferrous Metals—February Allocation Of Copper Larger—Quicksilver Declines Sharply

"E. & M. J. Metal and Mineral Markets," in its issue of Jan. 20 stated: "Distribution of copper will be larger in February than in the preceding month, based on allocation certificates released during the last week. Though consumption of copper, lead, and zinc remains at close to the peak level, the stockpiles for all three metals are increasing, traders believe. So far as prices were concerned, interest last week centered in quicksilver. The quotations in New York as the week ended ranged from $150 to $160 per flask, which compares with $190 to $193 at the end of 1943. Canada last week eased its restriction on both aluminum and magnesium." The publication further went on to say in part:

Copper

February certificates for copper came through on schedule. Sufficient metal appears to have been allocated by the Copper Division to absorb the domestic output, plus a fair tonnage of foreign origin metal. However, some consumers are taking their time about accepting copper allotted to them, which tends to make the final result a little uncertain. Fabricators are on the alert for further cutbacks.

Mine production of copper in the United States in 1943 was 1,087,630 tons, according to a preliminary estimate by the Bureau of Mines. This compares with 1,080,061 tons in 1942.

Lead

Sales of lead for the week ended Jan. 19 totaled 13,317 tons, against 9,217 tons in the preceding seven-day period. As requests for foreign lead for delivery next month must be submitted to the Tin-Lead Division of WPB before the end of the current week, to round out any supply deficiencies that may exist, the increased volume of business was expected by producers. Though demand for lead has been holding up well, the feeling exists in some quarters that the stockpile increased during January and may also increase next month.

Zinc

The market for zinc was inactive. The supply situation continues easy. Unless civilian consumption of zinc is permitted to increase, the stockpile will continue to grow, the trade believes. Just as long as the government continues to absorb the surplus, concern over the stability of the price structure is not likely to develop, market observers contend. Production is being maintained at a high rate.

Mine output of zinc in the Eastern States in 1943 was estimated by the Bureau of Mines at 198,500 tons, against 199,908 tons in 1942. New Jersey contributed 92,500 tons; New York 46,000 tons; Tennessee 41,700; and Virginia 18,300 tons.

Aluminum

How well employment levels in the aluminum industry may be maintained depends on a number of things, Roy A. Hunt, president of the Aluminum Company of America, said last week. Factors named include: Whether restrictions on use for civilian consumption can be removed; whether there is to be an accumulation of large surpluses, which could conceivably come back to demoralize the industry at a later date; and the degree of success aluminum achieves in finding new and increased postwar uses.

Tin

Excepting that exporters were cautioned about observing the official regulations in reference to conducting business with Bolivia, the entire situation remains unchanged. Supplies necessary to maintain production of tin concentrates are to go forward on schedule.

WPB is allocating tin at about the same rate as in recent months, indicating that its conservative views on the supply of the metal have not changed. The market for Straits quality tin continued at 52c. a pound. Forward material was nominally as follows:

	Jan.	Feb.	March
January 13	52.000	52.000	52.000
January 14	52.000	52.000	52.000
January 15	52.000	52.000	52.000
January 17	52.000	52.000	52.000
January 18	52.000	52.000	52.000
January 19	52.000	52.000	52.000

Chinese, or 99% tin, was unchanged at 51.125c. all week.

Quicksilver

Offerings of quicksilver by producers not qualified to sell their output to the Metals Reserve continue to depress the market almost daily. Most sellers regard the price as wholly nominal, particularly in reference to quantity business extending over a period of months. Consumers share in this view, and most buyers remain on the side lines pending clarification of the price situation. During the last week most sellers in New York lowered their selling basis to $160 per flask, but business was placed as low as $150, prompt delivery.

Statistics issued during the last week confirmed earlier reports that production in 1943 amounted to 53,500 flasks (as compared with 50,846 in 1942). The New Idria mine, operating in California, made the outstanding record, increasing its production over 1942 by possibly 75%, the Bureau of Mines reports.

Silver

During 1943, consumption of silver in the United States in the arts and industries amounted to 125,000,000 oz., according to an estimate by Handy & Harman, a new high record and an increase of 10,000,000 oz. over the record of 1942. Consumption was more than four times the average annual amount for the five-year period prior to 1941. Approximately 65% went into war production or for purposes classified as essential by WPB.

The London market for silver was unchanged last week at 23½d. The New York Official for foreign silver continued at 44¾c., with domestic metal at 70⅝c.

Daily Prices

The daily prices of electrolytic copper (domestic and export refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Colombia Signs Pact Of United Nations

Colombia's adherence to the Declaration by the United Nations was pledged on Jan. 18 when President Alfonso Lopez signed the document at the White House in a ceremony witnessed by President Roosevelt.

By this action Colombia pledges its complete resources for the prosecution of the war and promises not to sign a separate peace. The country declared war on Germany last November, following the sinking of one of her vessels, although it had severed diplomatic relations with the Axis nations some time ago. President Lopez, who is on an official visit to the United States, was a luncheon guest of the President following the ceremony. Also attending were Dr. Gabriel Turbay, who has returned as Colombian Ambassador to the United States, and E. R. Stettinius Jr., the Under-Secretary of State.

Market Value Of Bonds On N. Y. Stock Exchange

As of the close of business Dec. 31, 1943, there were 1,096 bond issues aggregating $90,840,915,406 par value listed on the New York Stock Exchange with a total market value of $90,274,071,634, the Stock Exchange announced on Jan. 11. This compares with 1,098 bond issues, aggreating $90,969,856,933 par value, with a total market value of $90,076,888,558 on Nov. 30, 1943.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	Dec. 31, 1943 Market Value $	Dec. 31, 1943 Average Price $	Nov. 30, 1943 Market Value $	Nov. 30, 1943 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	73,952,811,196	103.32	73,949,210,192	103.32
U. S. companies:				
Automobile	9,206,516	101.70	10,596,509	100.42
Building	13,293,750	101.48	13,201,250	100.77
Business and office equipment	15,637,500	104.25	15,712,500	104.75
Chemical	47,087,000	102.59	47,094,000	102.16
Electrical equipment	36,325,000	103.79	36,281,250	103.66
Financial	54,655,020	103.05	54,708,777	103.16
Food	267,510,530	105.75	265,706,217	104.81
Land and realty	11,250,518	85.50	11,250,518	85.50
Machinery and metals	36,075,683	101.82	37,360,663	101.99
Mining (excluding iron)	89,833,297	62.97	89,279,644	62.23
Paper and publishing	38,487,664	102.84	38,887,317	103.26
Petroleum	590,347,354	104.01	588,944,574	103.63
Railroad	7,435,733,259	75.27	7,238,107,742	72.75
Retail merchandising	11,996,015	86.87	11,808,723	85.52
Rubber	71,060,830	103.48	70,663,295	102.90
Ship building and operating	11,805,405	102.91	12,059,940	105.13
Shipping services	21,680,199	80.74	21,725,313	80.91
Steel, iron and coke	481,957,980	101.80	483,231,098	101.57
Textiles	38,180,069	105.37	37,830,069	104.40
Tobacco	173,245,145	105.66	172,319,902	105.09
Utilities:				
Gas and electric (operating)	3,266,375,073	108.35	3,257,394,991	107.64
Gas and electric (holding)	59,760,000	106.71	59,180,000	105.68
Communications	1,188,897,215	110.77	1,215,304,854	109.47
Miscellaneous utilities	103,364,376	71.25	98,022,535	67.57
U. S. companies oper. abroad	137,976,333	76.73	138,456,348	77.00
Miscellaneous businesses	31,088,240	105.28	30,904,236	104.66
Total U. S. companies	14,242,829,971	86.89	14,056,032,265	85.09
Foreign government	1,340,401,129	65.44	1,332,839,530	64.94
Foreign companies	738,029,338	89.32	738,806,571	89.17
All listed bonds	90,274,071,634	99.38	90,076,888,558	99.02

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1941—	Market Value $	Average Price $	1942—	Market Value $	Average Price $
Nov. 29	54,812,793,945	94.80	Dec. 31	70,583,644,622	96.70
Dec. 31	55,033,616,312	94.50	1943—		
1942—			Jan. 30	71,038,674,932	97.47
Jan. 31	56,261,398,371	95.24	Feb. 27	71,346,452,852	97.79
Feb. 28	57,584,410,504	95.13	Mar. 31	71,575,183,604	98.24
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69
Apr. 30	57,923,553,616	95.63	May 29	81,048,543,830	99.47
May 29	59,257,509,674	95.64	June 30	80,704,321,646	99.64
June 30	59,112,072,945	95.50	July 31	80,352,221,151	99.35
July 31	61,277,620,583	95.76	Aug. 31	80,109,269,964	99.23
Aug. 31	62,720,371,752	96.08	Sept. 30	80,149,558,292	99.37
Sept. 30	62,765,776,218	96.18	Oct. 30	90,501,768,934	99.45
Oct. 31	64,843,877,284	96.48	Nov. 30	90,076,888,558	99.02
Nov. 30	64,543,971,299	96.11	Dec. 31	90,274,071,634	99.38

December Department Store Sales In New York Federal Reserve District 1% Below Year Ago

The Federal Reserve Bank of New York announced on Jan. 20 that December sales of department stores in the Second (New York) Federal Reserve District decreased 1% below a yar ago. The combined sales for January through December were 6% higher than in the full year of 1942. Stocks of merchandise on hand in department stores at the end of December were 8% below December, 1942.

The apparel stores in the New York Reserve District reported a gain of 25% in net sales in December. Their stocks on hand at the close of the year were 13% above the end of 1942.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES DECEMBER, 1943
Second Federal Reserve District

Department Stores—	Percentage changes from a year earlier — Net Sales Dec.	Net Sales Jan. thru Dec.	Stock on hand Dec. 31, 1943
New York City	0	+ 7	— 8
*Northern New Jersey	— 8	— 2	—15
*Newark	— 9	— 2	—16
Westchester and Fairfield Counties	— 7	— 3	0
Bridgeport	—10	— 6	— 5
Lower Hudson River Valley	+ 3	+ 7	— 2
Poughkeepsie	+ 7	+ 9	--
Upper Hudson River Valley	— 4	— 1	— 4
Albany	— 2	— 4	--
Schenectady	— 4	+ 2	+ 2
Central New York State	+ 3	+11	+ 1
Mohawk River Valley	+ 3	+11	—15
Utica	+ 7	+13	--
Syracuse	+ 3	+11	+10
Northern New York State	+ 1	+ 3	--
Southern New York State	+ 2	+ 9	— 2
Binghamton	+ 4	+14	--
Elmira	— 5	— 2	--
*Western New York State	+ 4	+ 9	— 3
Buffalo	+ 7	+11	— 2
*Niagara Falls	+ 5	+24	+ 3
Rochester	0	+ 6	— 5
*All department stores	— 1	+ 6	— 8
*Apparel stores	+25	+21	+13

*Subject to revision.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
Second Federal Reserve District
[1935-39 average = 100]

	1942 Dec.	1943 Oct.	1943 Nov.	1943 Dec.
*Sales (average daily), unadjusted	†229	156	181	226
*Sales (average daily), seasonally adjusted	124	136	148	123
[1923-25 average = 100]				
Stocks, unadjusted	†119	131	†132	110
Stocks, seasonally adjusted	†121	119	†115	113

*Indexes revised from 1919 to date; available upon request. †Revised.

Daily Average Crude Oil Petroleum For Week Ended Jan. 15, 1944 Increased 7,700 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Jan. 15, 1944, was 4,372,550 barrels, an increase of 7,700 barrels per day in excess of the preceding week and 523,050 barrels per day more than recorded in the week ended Jan. 16, 1943. However, the current figure is 57,050 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of January, 1944. Daily output for the four weeks ended Jan. 15, 1944, averaged 4,364,300 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,203,000 barrels of crude oil daily and produced 12,682,000 barrels of gasoline; 1,481,000 barrels of kerosine; 4,231,000 barrels of distillate fuel oil, and 8,459,000 barrels of residual fuel oil during the week ended Jan. 15, 1944; and had in storage at the end of that week 78,405,000 barrels of gasoline; 8,907,000 barrels of kerosine; 39,099,000 barrels of distillate fuel, and 54,529,000 barrels of residual fuel oil. The above figures apply to the country as a whole and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations January	*State Allowables Begin. Jan. 1	Actual Production Week Ended Jan. 15, 1944	Change from Previous Week	4 Weeks Ended Jan. 15, 1944	Week Ended Jan. 16, 1943
Oklahoma	328,000	325,000	†318,800	—13,250	326,750	347,400
Kansas	285,000	269,400	†273,600	+ 7,700	268,800	300,650
Nebraska	1,300	----	†1,300	— 200	1,500	2,650
Panhandle Texas			97,900	----	96,150	88,300
North Texas			140,200	----	141,800	136,200
West Texas			364,600	— 450	359,600	200,300
East Central Texas			116,400	----	121,650	101,600
East Texas			366,200	----	366,200	327,600
Southwest Texas			293,550	----	292,150	166,300
Coastal Texas			520,800	----	520,650	308,500
Total Texas	1,892,000	‡1,909,526	1,899,650	— 450	1,898,200	1,328,800
North Louisiana			77,300	— 600	77,850	92,800
Coastal Louisiana			280,900	----	278,200	247,100
Total Louisiana	343,700	368,200	358,200	— 600	356,050	339,900
Arkansas	76,900	77,891	79,700	+ 300	79,500	75,150
Mississippi	48,000		46,750	+ 1,100	46,650	58,550
Illinois	215,000		206,800	— 4,100	209,950	228,300
Indiana	14,400		12,150	— 850	12,550	14,550
Eastern— (Not incl. Ill., Ind., Ky.)	72,900		69,150	+ 2,400	69,400	74,200
Kentucky	26,000		23,550	+ 2,300	22,350	16,300
Michigan	56,000		57,100	+11,000	49,550	62,400
Wyoming	100,000		87,800	— 2,150	87,300	88,400
Montana	23,500		21,100	----	20,700	22,550
Colorado	7,000		7,800	+ 50	7,450	6,700
New Mexico	110,600	110,600	112,900	— 50	112,900	98,000
Total East of Calif.	3,601,300		3,576,350	+ 3,200	3,569,600	3,064,500
California	828,300	§828,300	796,200	+ 4,550	794,700	785,000
Total United States	4,429,600		4,372,550	+ 7,700	4,364,300	3,849,500

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivities to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m., Jan. 13, 1944.

‡This is the net basic allowable as of Jan. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 14 days, the entire state was ordered shut down for 8 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 8 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JAN. 15, 1944
(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and Inland Texas	2,448	89.0	2,049	83.7	5,792	35,506	19,543	16,150
Appalachian—								
District No. 1	130	83.9	105	80.8	340	1,786	906	171
District No. 2	47	87.2	55	117.0	174	1,101	92	174
Ind., Ill., Ky.	824	85.2	757	91.9	2,624	16,244	5,805	3,129
Okla., Kans., Mo.	416	80.1	359	86.3	1,361	7,186	1,874	1,083
Rocky Mountain—								
District No. 3	8	26.9	11	137.5	39	75	20	29
District No. 4	141	58.3	101	71.6	294	1,511	355	602
California	817	89.9	766	93.8	2,058	14,996	10,504	33,191
Total U. S.—B. of M. basis Jan. 15, 1944	4,831	86.6	4,203	87.0	12,682	†78,405	39,099	54,529
Total U. S.—B. of M. basis Jan. 8, 1944	4,831	86.6	¶4,221	87.4	12,630	77,654	41,509	55,731
U. S. Bur. of Mines basis Jan. 16, 1943			3,575		10,365	83,585	42,007	71,773

*At the request of the Petroleum Administration for War. †Finished, 67,815,000 barrels; unfinished, 10,590,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,481,000 barrels of kerosine, 4,231,000 barrels of gas oil and distillate fuel oil and 8,459,000 barrels of residual fuel oil produced during the week ended Jan. 15, 1944, which compares with 1,446,000 barrels, 4,434,000 barrels and 9,061,000 barrels, respectively, in the preceding week, and 1,265,000 barrels, 3,986,000 barrels and 7,470,000 barrels, respectively, in the week ended Jan. 16, 1943. ¶Revised in California district due to error by reporting company.

Notes—Stocks of kerosine at Jan. 15, 1944 amounted to 8,907,000 barrels, as against 9,340,000 barrels a week earlier and 8,689,000 barrels a year before.

District No. 1 inventory indices are: Gasoline, 42.0%; kerosine, 47.5%; gas oil and distillate, 86.2%, and residual fuel oil, 67.9% of normal.

N. Y. Federal Reserve Bank Designates Traphagen On Council

Announcement is made by Allan Sproul, President of the Federal Reserve Bank of New York, that the directors of the bank at their meeting on Jan. 20 selected John C. Traphagen, President of the Bank of New York, to serve during the year 1944 as the member of the Federal Advisory Council from the Second Federal Reserve District.

1943 Rayon Output Up 5% To New High

Production of rayon (yarn plus staple fiber) by United States mills in 1943 aggregated 663,144,000 pounds, states the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York. This total exceeded the previous record of 632,615,000 pounds produced in 1942 by 5%, the gain being due to increased war and civilian demands. The advices, under date of Jan. 20, further said:

"Due to the continued expansion of the rayon tire yarn program in 1943, the output of viscose plus cuprammonium yarn amounted to 338,511,000 pounds, an increase of 9% compared with the 1942 production of 310,475,000 pounds. Rayon staple fiber output also increased 6% from 153,285,000 pounds in 1942 to 162,019,000 pounds in 1943. The output of acetate filament yarn in 1943, on the other hand, declined 4% from 168,855,000 pounds in 1942 to 162,614,000 pounds in 1943; a shortage of essential raw materials was the principal factor causing the decrease in this branch of the industry."

Deliveries of rayon by American mills in 1943 followed the same general pattern of production, states the "Organon," except that the viscose-cuprammonium filament yarn took the main burden of the Good Neighbor Rayon Export Program during the year. In the latter part of 1943, however, acetate filament yarn and rayon staple fiber exports were increasing. No figures are available for publication as to the volume of 1943 exports. Rayon imports during 1943 can again be considered as nil.

Locomotives Installed, Largest Since 1930

The class I railroads put 28,708 freight cars and 773 locomotives in service in 1943, the Association of American Railroads announced on Jan. 24. This was the smallest number of cars installed since 1940, but the greatest number of locomotives since 1930. The railroads placed 63,009 new freight cars and 712 new locomotives in service in 1942.

Of the new freight cars installed in the calendar year 1943, there were 1,923 plain box, 356 automobile, 8.792 gondolas, 15,137 hopper, 2,446 flat, four refrigerator, three stock, and 47 miscellaneous cars.

The new locomotives installed in the past year included 429 steam, 15 electric, and 329 Diesel, compared with 308 steam and 404 electric and Diesel in 1942.

The class I railroads on Jan. 1, 1944, had 35,737 new freight cars on order, as against 27,061 on the same date last year. Of the total number on order on Jan. 1 this year, there were 10,944 plain box, 3,508 automobile box, 4,869 gondolas, 13,651 hoppers, 1,200 refrigerator, 200 stock, and 1,365 flat cars.

They also had 955 locomotives on order on Jan. 1, this year, which included 339 steam, three electric, and 613 Diesel locomotives. On Jan. 1, 1943, they had 888 locomotives on order which included 355 steam and 533 electric and Diesel.

The ODT also reported 33 new locomotives on order on Jan. 1, and 31 new locomotives installed in the year 1943 by other than class I carriers. This brings the total of new locomotives on order Jan. 1, to 988 and the number installed in 1943 to 804.

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of bituminous coal and lignite in the week ended Jan. 15, 1944 is estimated at 12,750,000 net tons, an increase of 500,000 tons, or 4.1%, over the preceding week. Output in the corresponding week last year amounted to 11,575,000 tons. Total production for the current year to date is 7.4% in excess of that for the same period in 1943.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Jan. 15, 1944 was estimated at 1,147,000 tons, an increase of 71,000 tons (6.6%) over the preceding week. When compared with the output in the corresponding week of 1943 there was an increase of 101,000 tons, or 9.7%.

The Bureau of Mines also reported that the estimated output of byproduct coke in the United States for the week ended Jan. 15, 1944 showed an increase of 5,000 tons when compared with the production for the week ended Jan. 8, 1944. The quantity of coke from beehive ovens increased 4,200 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL

(In Net Tons)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Jan. 15, 1944	*Jan. 8, 1944	Jan. 16, 1943	†Jan. 15, 1944	Jan. 16, 1943	Jan. 16, 1937
Total, incl. mine fuel	12,750,000	12,250,000	11,575,000	26,230,000	24,429,000	23,029,000
Daily average	2,125,000	2,042,000	1,929,000	2,065,000	1,879,000	1,771,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE

(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§Jan. 15, 1944	¶Jan. 8, 1944	Jan. 16, 1943	Jan. 15, 1944	Jan. 16, 1943	Jan. 19, 1929
*Total incl. coll. fuel	1,147,000	1,076,000	1,046,000	2,233,000	2,020,000	4,325,000
†Commercial production	1,101,000	1,033,000	1,004,000	2,144,000	1,939,000	4,014,000
Byproduct coke—						
United States total	1,261,000	1,256,000	1,217,100	2,687,600	2,767,900	‡
Beehive coke—						
United States total	156,200	152,000	153,600	329,100	339,300	322,400

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In thousandsof net tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State	Jan. 8, 1944	Jan. 1, 1943	Jan. 9, 1943	Jan. 9, 1937
Alabama	391,000	337,000	382,000	274,000
Alaska	5,000	5,000	6,000	2,000
Arkansas and Oklahoma	102,000	81,000	102,000	96,000
Colorado	182,000	161,000	190,000	221,000
Georgia and North Carolina	1,000	1,000	1,000	††
Illinois	1,594,000	1,420,000	1,280,000	1,395,000
Indiana	580,000	478,000	526,000	474,000
Iowa	53,000	45,000	63,000	114,000
Kansas and Missouri	175,000	160,000	208,000	205,000
Kentucky—Eastern	935,000	885,000	885,000	892,000
Kentucky—Western	311,000	282,000	302,000	227,000
Maryland	35,000	30,000	27,000	41,000
Michigan	3,000	3,000	6,000	21,000
Montana (bituminous and lignite)	115,000	106,000	110,000	85,000
New Mexico	38,000	35,000	40,000	43,000
North and South Dakota (lignite)	88,000	71,000	88,000	78,000
Ohio	634,000	498,000	628,000	626,000
Pennsylvania (bituminous)	2,831,000	2,367,000	2,408,000	2,737,000
Tennessee	153,000	137,000	141,000	114,000
Texas (bituminous and lignite)	7,000	7,000	8,000	14,000
Utah	134,000	113,000	131,000	117,000
Virginia	427,000	354,000	382,000	307,000
Washington	31,000	27,000	44,000	56,000
*West Virginia—Southern	2,290,000	1,930,000	2,055,000	1,982,000
†West Virginia—Northern	944,000	792,000	890,000	669,000
Wyoming	190,000	174,000	207,000	156,000
‡Other Western States	1,000	1,000	††	1,000
Total bituminous and lignite	12,250,000	10,500,000	11,110,000	10,947,000
§Pennsylvania anthracite	1,076,000	896,000	922,000	1,188,000
Total all coal	13,326,000	11,396,000	12,032,000	12,135,000

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant. Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ††Less than 1,000 tons.

New Capital Issues In Great Britain

The following statistics have been compiled by the Midland Bank Limited. These compilations of issues of new capital, which are subject to revision, *exclude* all borrowings by the British Government; shares issued to vendors; allotments arising from the capitalization of reserve funds and undivided profits; sales of already issued securities which add nothing to the capital resources of the company whose securities have been offered; issues for conversion or redemption of securities previously held in the United Kingdom; short-dated bills sold in anticipation of long-term borrowings; and loans of municipal and county authorities which are not specifically limited. In all cases the figures are based upon the prices of issue.

SUMMARY TABLE OF NEW CAPITAL ISSUES IN THE UNITED KINGDOM

[Compiled by the Midland Bank, Ltd.]

Year—	£	Year—	£
1919	237,541,000	1932	113,038,000
1920	384,211,000	1933	132,869,000
1921	215,795,000	1934	150,190,000
1922	235,669,000	1935	182,824,000
1923	203,760,000	1936	217,221,000
1924	223,546,000	1937	170,906,000
1925	219,897,000	1938	118,098,000
1926	253,266,000	1939	66,294,000
1927	314,714,000	1940	4,096,000
1928	362,519,000	1941	2,326,000
1929	253,749,000	1942	3,907,000
1930	236,160,000	1943	8,583,000
1931	88,666,000		

NEW CAPITAL ISSUES IN THE UNITED KINGDOM

[Compiled by the Midland Bank, Ltd.]

		Geographical distribution		
	Total £	United Kingdom £	British overseas countries £	Foreign countries £
1935	182,824,000	161,934,000	18,038,000	2,852,000
1936	217,221,000	190,808,000	23,353,000	3,060,000
1937	170,906,000	138,768,000	24,938,000	7,200,000
1938	118,098,000	92,746,000	21,284,000	4,067,000
1939	66,294,000	43,335,000	18,313,000	4,646,000
1940	4,096,000	3,544,000	357,000	195,000
1941	2,326,000	1,927,000	399,000	------
1942	3.907,000	3.871,000	36,000	------
1943	8,583,000	7,059,000	645,000	879,000

Bankers' Dollar Acceptances Outstanding On December 31 Increase To $116,814,000

The volume of bankers' dollar acceptances outstanding on Dec. 31 amounted to $116,814,000, an increase of $5,525,000 from the Nov. 30 total, according to the monthly acceptance survey issued Jan. 13 by the Federal Reserve Bank of New York. As compared with a year ago, the Dec. 31 total represents a decline of $1,225,000.

In the month-to-month comparison, domestic warehouse credits, dollar exchange and those based on goods stored in or shipped between foreign countries were lower, while in the yearly analysis only credits for imports and exports were higher.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES

BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Dec. 31, '43	Nov. 30, '43	Dec. 31, '42
1 Boston	$21,083,000	$19,835,000	$21,370,000
2 New York	71,133,000	65,458,000	71,729,000
3 Philadelphia	5,508,000	4,682,000	4,897,000
4 Cleveland	1,699,000	1,681,000	1,919,000
5 Richmond	2,059,000	2,026,000	482,000
6 Atlanta	2,268,000	2,578,000	2,133,000
7 Chicago	3,634,000	4,620,000	4,170,000
8 St. Louis	437,000	548,000	314,000
9 Minneapolis	43,000	54,000	51,000
10 Kansas City	------	------	------
11 Dallas	510,000	481,000	295,000
12 San Francisco	8,440,000	9,326,000	10,679,000
Grand Total	$116,814,000	$111,289,000	$118,039,000

Increase for month $5,525,000 Decrease for year $1,225,000

ACCORDING TO NATURE OF CREDIT

	Dec. 31, '43	Nov. 30, '43	Dec. 31, '42
Imports	$65,926,000	$59,495,000	$56,637,000
Exports	11,490,000	11,150,000	9,124,000
Domestic shipments	9,581,000	8,414,000	11,456,000
Domestic warehouse credits	2,889,000	22,656,000	26,663,000
Dollar exchange	64,000	126,000	361,000
Based on goods stored in or shipped between foreign countries	8,864,000	9,448,000	13,798,000

BILLS HELD BY ACCEPTING BANKS

Own bills $52,081,000 Bills of others $37,978,000 Total $90,059,000

Increase for month $2,212,000

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES JAN. 13, 1944

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Jan. 31, 1941:

1941—	$	1942—	$	1943—	$
Jan. 31	212,777,000	Jan. 31	197,278,000	Jan. 30	119,682,000
Feb. 28	211,865,000	Feb. 28	190,010,000	Feb. 27	127,062,000
Mar. 31	217,312,000	Mar. 31	182,675,000	Mar. 31	129,818,000
Apr. 30	219,561,000	Apr. 30	177,293,000	Apr. 30	128,350,000
May 31	215,005,000	May 29	173,906,000	May 29	135,815,000
June 30	212,932,000	June 30	162,849,000	June 30	139,846,000
July 31	209,899,000	July 31	156,302,000	July 31	138,692,000
Aug. 30	197,472,000	Aug. 31	139,304,000	Aug. 31	130,244,000
Sept. 30	176,801,000	Sept. 30	123,494,000	Sept. 30	117,016,000
Oct. 31	184,806,000	Oct. 31	118,581,000	Oct. 30	114,883,000
Nov. 29	193,590,000	Nov. 30	116,067,000	Nov. 30	111,289,000
Dec. 31	194,220,000	Dec. 31	118,039,000	Dec. 31	116,814,000

Cottonseed Receipts To December 31

On Jan. 13, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the four months ended Dec. 31, 1943 and 1942.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills Aug. 1 to Dec. 31		Crushed Aug. 1 to Dec. 31		On hand at mills Dec. 31	
	1943	1942	1943	1942	1943	1942
United States	3,621,382	4,048,307	2,446,800	2,725,758	1,263,358	1,401,320
Alabama	246,620	233,246	179,126	174,965	69,679	61 614
Arizona	39,688	47,188	25,890	31,400	13,801	16,179
Arkansas	357,432	444,297	212,996	255,197	154,019	200,975
California	99,298	96,822	43,008	53,324	63,186	44,673
Georgia	318,103	301,854	237,446	255,860	82,895	50,051
Louisianna	186,761	150,094	135,472	131,232	51,832	19,606
Mississippi	679,597	721,520	378,492	396,344	312,645	331,417
North Carolina	204,555	237,697	140,349	164,691	65,271	76,117
Oklahoma	104,548	202,013	85,243	143,290	21,097	63,187
South Carolina	173,977	175,286	140,379	155,392	36,191	19,841
Tennessee	262,433	358,236	173,685	201,802	92,014	165,621
Texas	853,048	946,996	641,985	693,807	255,732	286,144
All other states	95,322	133,058	52,729	68,454	44,996	65,895

*Does not include 90.336 and 81,928 tons on hand Aug. 1 nor 30,823 and 29,218 tons reshipped for 1943 and 1942 respectively. Does include 1,560 tons destroyed for 1943 and 3,157 for 1942.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to Dec. 31	Shipped out Aug. 1 to Dec. 31	On hand Dec. 31
Crude oil (thousand pounds)	1943-44	*23,283	752,386	703,102	*148,107
	1942-43	34,460	840,517	796,576	156,164
Refined oil (thousand pounds)	1943-44	†207,409	‡586,021	------	†265,103
	1942-43	310,191	648,646	------	302,292
Cake and meal (tons)	1943-44	18,542	1,127,355	1,078,243	67,654
	1942-43	190,100	1,204,243	1,301,167	93,176
Hulls (tons)	1943-44	11,964	569,256	548,344	32,876
	1942-43	44,118	655,284	649,981	49,421
Linters (running bales)	1943-44	135,927	§727,690	578,467	§285,150
	1942-43	43,295	817,503	634,317	226,481
Hull fiber (500-lb. bales)	1943-44	556	12,790	12,230	1,116
	1942-43	229	16,760	15,051	1,938
Grabbots, motes, &c. (500-lb. bales)	1943-44	14,106	27,370	23,434	18,042
	1942-43	23,644	34,288	23,556	34,376

*Includes 13,826,000 and 71,288,000 pounds held by refining and manufacturing establishments and 3,150,000 and 21,228,000 pounds in transit to refiners and consumers Aug. 1, 1943 and Dec. 31, 1943 respectively.

†Includes 3,196,000 and 4,778,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,734,000 and 3,898,000 pounds in transit to manufacturers of shortening, soap, etc. Aug. 1, 1943 and Dec. 31, 1943 respectively. Does not include winterized oil.

‡Produced from 622,407,000 pounds of crude oil.

§Total linters produced includes 170,118 bales first cut, 502,754 bales second cut and 54,818 bales mill run. Total held includes 60,129 bales first cut, 195,993 bales second cut and 29,028 bales mill run.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

Ruml Renews Plea For Post-War Fiscal Policy

Beardsley Ruml, Chairman of the Board of the Federal Reserve Bank of New York and Treasurer of R. H. Macy & Co., submitted to the House Public Buildings and Grounds Committee on Jan. 19 his nine-point post-war Federal fiscal program as an aid in securing high production and high employment and as a check on tendencies toward restrictive practices.

Mr. Ruml said that during the transition period the program itself cannot be expected to eliminate the need for some public expenditure for relief and rehabilitation, "but that it would provide a flow of purchasing demand, which springs authentically from the tens of millions whose tax burdens will have been reduced."

"It will," he added, "express in a mosaic aggregate the popular interpretation of the American way of life as pictured in consumer preferences. Against this background the readjustments of employment and the reconversion of business and industry can more readily occur."

Mr. Ruml's nine-point program follows, according to Associated Press advices:

1. No public spending for its own sake and no projects merely because they support purchasing power in general. "Let us base our budget estimates on the efficient and economical carrying out of worth-while activities to accomplish our national purposes."

2. Lower tax rates "to the point where they will balance the budget at an agreed level of high employment. Taxes should be reduced where they will do the most good in creating demand and in encouraging private enterprise."

3. Then stabilize taxes "except as there are major changes in national policy. When employment goes beyond an agreed level, or if, with high employment, we have a boom in prices, let us hold the surplus or use it to reduce the national debt, not as an excuse for further tax reduction."

4. Retention of the principle of progressive income taxes and estate taxes "as the best way of reversing the tendency of purchasing power to come to rest. Let us reduce the rates on the individual income tax to stimulate consumption and to make possible investment in new enterprise on a business basis."

5. A planned public works program "not to balance the whole economy, but to help toward stabilizing the construction industry."

6. "Let us neutralize the social security programs as far as their fiscal influences are concerned. Since their beginning they have been highly deflationary; for old age security, let us set our rates and benefits so that they come somewhere near balancing, and for unemployment insurance, let us set our rates so that intake and outgo balance at high levels of employment."

7. Retain "important excise taxes" for the time being "and get rid of the rest."

8. "Let us arrange our lending abroad, whether for stabilization, relief or long-time reconstruction, so that it will support rather than contradict fiscal policies adopted to strengthen our domestic economy."

9. Reorganization of the parts of the Federal Government that have to do with fiscal policy and administration. "We want clarity in policy, consistency in administration and cooperation between the executive and legislative branches."

Reference to Mr. Ruml's most recent previous urging of this program was made in our issue of Jan. 20, page 315.

Revenue Freight Car Loadings During Week Ended Jan. 15, 1944 Increased 17,221 Cars

Loading of revenue freight for the week ended Jan. 15, 1944, totaled 780,220 cars, the Association of American Railroads announced on Jan. 20. This was an increase above the corresponding week of 1943 of 24,722 cars, or 3.3%, but a decrease below the same week in 1942 of 31,107 cars or 3.8%.

Loading of revenue freight for the week of Jan. 15, increased 17,221 cars, or 2.3% above the preceding week.

Miscellaneous freight loading totaled 356,160 cars, an increase of 9,817 cars above the preceding week, but a decrease of 6,899 cars below the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 98,888 cars, a decrease of 1,107 cars below the preceding week, but an increase of 12,196 cars above the corresponding week in 1943.

Coal loading amounted to 183,886 cars, an increase of 6,445 cars above the preceding week, and an increase of 18,071 cars above the corresponding week in 1943.

Grain and grain products loading totaled 57,442 cars an increase of 2,731 cars above the preceding week and an increase of 4,135 cars above the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Jan. 15, totaled 40,730 cars, an increase of 1,361 cars above the preceding week and an increase of 3,366 cars above the corresponding week in 1943.

Live stock loading amounted to 17,167 cars, an increase of 19 cars above the preceding week, and an increase of 2,595 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Jan. 15, totaled 12,350 cars, an increase of 236 cars above the preceding week, and an increase of 1,715 cars above the corresponding week in 1943.

Forest products loading totaled 37,828 cars, an increase of 280 cars above the preceding week but a decrease of 4,546 cars below the corresponding week in 1943.

Ore loading amounted to 13,404 cars, a decrease of 1,417 cars below the preceding week and a decrease of 961 cars below the corresponding week in 1943.

Coke loading amounted to 15,445 cars, an increase of 453 cars above the preceding week, and an increase of 131 cars above the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943, except the Southern, but all districts reported decreases compared with 1942 except the Pocahontas, and Southwestern.

	1944	1943	1942
Week of January 1	643,474	621,173	676,534
Week of January 8	762,999	717,176	736,972
Week of January 15	780,220	755,498	811,327
Total	2,186,693	2,093,847	2,224,833

The following table is a summary of the freight carloading for the separate railroads and systems for the week ended Jan. 15, 1944. During the period 78 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED JAN. 15

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	257	256	541	1,416	1,346
Bangor & Aroostook	2,058	2,227	2,301	255	244
Boston & Maine	6,490	5,800	8,565	14,564	14,951
Chicago, Indianapolis & Louisville	1,346	1,321	1,478	2,177	1,964
Central Indiana	26	31	35	33	53
Central Vermont	987	958	1,452	2,401	2,134
Delaware & Hudson	5,482	5,183	7,125	14,284	11,810
Delaware, Lackawanna & Western	7,340	6,346	9,656	10,389	11,817
Detroit & Mackinac	167	272	253	98	119
Detroit, Toledo & Ironton	2,278	1,563	2,404	1,898	1,522
Detroit & Toledo Shore Line	289	282	388	3,332	3,474
Erie	11,725	11,638	14,406	19,226	17,597
Grand Trunk Western	3,697	3,730	5,445	8,875	8,752
Lehigh & Hudson River	191	169	178	2,852	2,534
Lehigh & New England	1,797	1,879	1,837	1,412	1,397
Lehigh Valley	8,264	7,902	9,482	16,636	11,348
Maine Central	2,246	2,207	3,363	3,973	3,694
Monongahela	6,322	5,896	6,149	322	280
Montour	2,669	2,565	2,358	15	30
New York Central Lines	46,438	42,928	48,500	53,991	54,202
N. Y., N. H. & Hartford	9,801	8,939	12,719	19,253	17,375
New York, Ontario & Western	1,098	915	911	2,867	2,660
New York, Chicago & St. Louis	6,446	6,867	6,557	15,890	15,901
N. Y., Susquehanna & Western	515	530	532	2,164	2,438
Pittsburgh & Lake Erie	7,643	7,383	8,036	7,147	7,279
Pere Marquette	4,429	4,262	5,440	8,213	8,008
Pittsburg & Shawmut	945	699	587	9	22
Pittsburg, Shawmut & North	345	293	408	293	205
Pittsburgh & West Virginia	1,056	901	909	2,365	3,997
Rutland	352	284	540	1,063	832
Wabash	6,197	5,372	6,069	12,590	12,179
Wheeling & Lake Erie	4,518	5,012	4,912	3,983	5,892
Total	153,424	144,610	173,537	233,986	226,056
Allegheny District—					
Akron, Canton & Youngstown	719	640	607	1,295	1,007
Baltimore & Ohio	42,031	35,967	38,553	26,807	26,092
Bessemer & Lake Erie	2,915	2,888	3,074	1,597	1,851
Buffalo Creek & Gauley	292	354	332	3	4
Cambria & Indiana	1,869	1,767	1,908	14	2
Central R. R. of New Jersey	6,822	5,572	7,593	19,419	20,795
Cornwall	564	564	607	54	58
Cumberland & Pennsylvania	239	203	293	9	10
Ligonier Valley	143	122	130	28	42
Long Island	1,257	964	795	3,556*	2,906
Penn-Reading Seashore Lines	1,570	1,387	1,780	2,334	2,444
Pennsylvania System	75,728	69,619	73,849	63,832	58,486
Reading Co.	14,194	14,385	16,408	28,219	29,000
Union (Pittsburgh)	20,497	20,908	19,682	4,274	4,593
Western Maryland	4,201	3,636	4,042	12,842	13,406
Total	173,041	158,976	174,653	164,283	160,696
Pocahontas District—					
Chesapeake & Ohio	29,246	26,848	25,665	10,911	10,155
Norfolk & Western	22,769	22,337	21,258	7,690	6,721
Virginian	4,770	4,843	4,534	2,385	2,432
Total	56,785	54,028	51,457	20,986	19,308
Southern District—					
Alabama, Tennessee & Northern	242	391	405	345	301
Atl. & W. P.—W. R. R. of Ala.	693	718	888	2,497	2,736
Atlanta, Birmingham & Coast	647	756	715	1,282	1,524
Atlantic Coast Line	12,569	15,058	11,940	10,799	11,739
Central of Georgia	3,516	3,886	4,307	5,157	4,321
Charleston & Western Carolina	341	405	422	1,654	1,868
Clinchfield	1,590	1,808	1,677	3,143	2,945
Columbus & Greenville	248	332	262	216	290
Durham & Southern	98	96	180	873	309
Florida East Coast	3,084	2,475	1,433	1,400	1,702
Gainesville Midland	42	43	41	99	81
Georgia	964	1,344	1,370	2,429	3,539
Georgia & Florida	333	389	443	575	488
Gulf, Mobile & Ohio	3,513	3,559	3,968	3,541	5,301
Illinois Central System	28,754	27,046	30,390	15,124	17,049
Louisville & Nashville	24,918	25,320	26,633	11,051	11,134
Macon, Dublin & Savannah	137	229	215	836	839
Mississippi Central	165	193	194	522	490
Nashville, Chattanooga & St. L.	3,012	3,451	3,197	4,399	5,257
Norfolk Southern	779	989	1,178	1,740	1,652
Piedmont Northern	368	315	506	1,466	1,140
Richmond, Fred. & Potomac	369	345	480	10,692	11,050
Seaboard Air Line	10,026	10,556	10,162	8,587	9,372
Southern System	21,351	21,845	24,432	24,599	23,612
Tennessee Central	670	575	575	987	913
Winston-Salem Southbound	129	95	126	923	801
Total	118,558	122,219	126,139	114,936	120,453
Northwestern District—					
Chicago & North Western	15,506	14,215	18,133	14,047	12,618
Chicago Great Western	2,776	2,348	3,077	3,220	2,899
Chicago, Milw., St. P. & Pac.	21,763	19,769	23,883	11,253	9,774
Chicago, St. Paul, Minn. & Omaha	4,300	3,856	4,962	3,617	3,434
Duluth, Missabe & Iron Range	1,356	1,134	1,135	260	250
Duluth, South Shore & Atlantic	832	652	733	450	482
Elgin, Joliet & Eastern	8,893	8,071	10,153	10,263	10,067
Ft. Dodge, Des Moines & South	388	391	472	116	106
Great Northern	12,388	11,998	12,924	5,133	4,371
Green Bay & Western	533	473	638	895	811
Lake Superior & Ishpeming	281	242	287	39	35
Minneapolis & St. Louis	2,407	2,015	2,146	2,086	2,021
Minn., St. Paul & S. S. M.	5,799	4,917	6,350	3,082	3,159
Northern Pacific	10,764	10,197	11,531	5,092	4,044
Spokane International	98	79	76	494	437
Spokane, Portland & Seattle	2,286	1,963	2,366	2,981	3,347
Total	90,370	82,320	98,866	63,028	57,855
Central Western District—					
Atch., Top. & Santa Fe System	21,849	22,435	22,705	11,175	11,966
Alton	3,295	3,171	3,595	3,409	3,808
Bingham & Garfield	457	481	490	78	116
Chicago, Burlington & Quincy	20,537	18,446	19,253	11,335	10,248
Chicago & Illinois Midland	2,935	2,516	2,891	1,102	767
Chicago, Rock Island & Pacific	11,544	12,508	12,722	11,878	12,483
Chicago & Eastern Illinois	2,652	2,436	2,959	5,755	5,485
Colorado & Southern	774	728	819	2,179	1,903
Denver & Rio Grande Western	3,814	4,148	3,630	6,014	5,233
Denver & Salt Lake	923	841	901	12	12
Fort Worth & Denver City	713	1,349	1,147	1,396	1,228
Illinois Terminal	2,106	1,700	2,120	1,999	1,488
Missouri-Illinois	970	970	1,004	451	632
Nevada Northern	1,707	2,088	1,950	198	137
North Western Pacific	712	1,277	1,146	800	563
Peoria & Pekin Union	45	20	23	0	0
Southern Pacific (Pacific)	28,534	28,227	28,916	13,615	12,128
Toledo, Peoria & Western	474	294	210	1,764	1,483
Union Pacific System	17,443	15,903	16,970	15,737	13,649
Utah	690	650	717	5	3
Western Pacific	1,919	2,518	2,390	3,549	3,020
Total	124,093	122,706	126,558	92,446	86,352
Southwestern District—					
Burlington-Rock Island	226	589	193	318	181
Gulf Coast Lines	5,580	5,605	4,421	1,731	2,292
International-Great Northern	1,273	540	2,118	3,182	3,086
Kansas, Oklahoma & Gulf	233	439	295	1,026	1,060
Kansas City Southern	*5,057	5,102	3,128	*2,030	2,851
Louisiana & Arkansas	2,872	3,565	2,312	2,419	2,341
Litchfield & Madison	330	270	368	1,177	1,035
Midland Valley	731	675	834	453	293
Missouri & Arkansas	153	146	204	357	349
Missouri-Kansas-Texas Lines	4,831	5,949	4,944	4,572	6,004
Missouri Pacific	15,885	16,655	16,951	18,812	17,738
Quanah Acme & Pacific	81	113	120	302	206
St. Louis-San Francisco	7,791	9,081	9,414	9,109	7,661
St. Louis Southwestern	2,680	3,363	3,230	6,381	5,688
Texas & New Orleans	11,767	11,125	7,456	4,675	4,826
Texas & Pacific	4,349	4,299	3,974	6,652	7,478
Wichita Falls & Southern	92	95	126	114	24
Weatherford M. W. & N. W.	18	28	29	31	30
Total	63,949	70,639	60,117	63,401	63,143

*Figures unavailable account wire trouble. Previous week's figures used.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tone	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
1943—Week Ended				Current	Cumulative
Oct. 2	164,954	152,479	579,800	97	93
Oct. 9	156,808	148,574	589,417	94	93
Oct. 16	156,044	148,293	595,257	95	93
Oct. 23	144,254	147,883	588,399	94	93
Oct. 30	144,413	143,686	587,324	93	93
Nov. 6	172,441	147,467	608,782	93	93
Nov. 13	153,126	149,295	608,893	95	93
Nov. 20	126,726	146,286	587,715	94	93
Nov. 27	134,959	142,136	578,434	91	93
Dec. 4	177,664	149,803	602,789	95	93
Dec. 11	146,662	148,826	600,323	96	93
Dec. 18	139,654	148,431	589,659	96	93
Dec. 25	119,487	136,120	569,689	87	93
1944—					
Jan. 1	121,212	92,328	589,815	63	93
Jan. 8	160,567	138,381	612,043	86	86
July 15	153,097	146,596	614,215	93	90

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Jan. 22 a summary for the week ended Jan. 15 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Jan. 15, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	20,428
Number of shares	561,166
Dollar value	$21,345,000
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	202
*Customers' other sales	18,487
Customers' total sales	18,689
Number of Shares:	
Customers' short sales	6,845
*Customers' other sales	483,898
Customers' total sales	490,743
Dollar value	$16,279,417
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	60
†Other sales	119,650
Total sales	119,710
Round-lot Purchases by Dealers—	
Number of shares	213,760

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

New Notes Offered By Treasury For Ctfs. Maturing Feb. 1, 1944

Secretary of the Treasury Morgenthau announced on Jan. 24 an offering, through the Federal Reserve Banks, of 0.90% Treasury Notes of Series D-1945, open on an exchange basis, par for par, to all holders of Treasury Certificates of Indebtedness of Series A-1944, maturing Feb. 1 in amount of $2,211,161,000. The subscription books remained open through yesterday (Jan. 26). This exchange operation was conducted outside of the Fourth War Loan Drive, which started on Jan. 18, and the subscriptions received will not be a part of any quotas.

The Treasury's announcement explained:

"The notes will be dated Feb. 1, 1944, and will bear interest from that date at the rate of 0.90% per annum, payable on a semi-annual basis on Sept. 1, 1944, and March 1, 1945. They will mature March 1, 1945. They will not be subject to call for redemption prior to maturity. They will be issued in bearer form only, with two interest coupons attached, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

"Pursuant to the provisions of the Public Debt Act of 1941, interest upon the notes now offered shall not have any exemption, as such, under Federal tax Acts now or hereafter enacted.

"Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington, and should be accompanied by a like face amount of the maturing certificates. Subject to the usual reservations, all subscriptions will be allotted in full."

Items About Banks, Trust Companies

(Continued from page 421)

of his father's death, March 15, 1918. On April 2, 1918, he succeeded his father as Chairman of the Board of Directors. On June 3, 1919, he was elected President upon the resignation of Frank A. Vanderlip. Mr. Stillman resigned as President May 3, 1921. Mr. Stillman had a winter home in Havana, Cuba, and had planned to leave for his annual stay there within the next few days. Surviving are three sons, Lt. Alexander Stillman, U. S. N., formerly Assistant Cashier of The National City Bank of New York; James Alexander Stillman, Medical Corps of the U. S. Army; Lt. Guy Stillman, U. S. N., and a daughter, Mrs. Anne Stillman Davidson of Glen Cove, Long Island.

Stockholders of the Nyack Bank & Trust Co., Nyack, N. Y., approved on Jan. 11 an increase in the common stock from $200,000 to $400,000 through a 100% stock dividend. The bank also announced that during the past year the bank retired $250,000 class A preferred stock, all of a balance held by the Reconstruction Finance Corporation. The Marine Midland Corp. owns a majority of the common stock. C. Bertrand Leitner, Nyack real estate and insurance agent, was elected a director of the bank to succeed Stirling Tomkins, President of the New York Trap Rock Co., who is now overseas with the American Red Cross.

At the annual stockholders' meeting of the County Trust Co., White Plains, N. Y., held on Jan. 19, Andrew Wilson Jr., President, reported that for the year 1943 operating earnings, exclusive of profits from the sale of securities, amounted to $181,454, or slightly better than $6 a share on the 30,000 shares of capital stock. Of this amount $33,750 was paid out in dividends during the year, $90,097 was added to undivided profits, and the remaining $57,607 was transferred to various allocated reserves. Surplus and undivided profits at the beginning of the year amounted to $1,114,616 and at the end of the year $1,204,713. The capital funds of the bank as of Dec. 31, 1943, amounted to $2,154,713.

Continuing, Mr. Wilson told the stockholders that all recoveries as well as profits from the sale of securities were transferred to various allocated reserves.

During the year 1943 the investment in U. S. Government obligations was increased from $12,613,197 to $21,177,682. Forty-four members of the staff have entered the armed services of our country, four of whom have already given their lives. Substantially more than $9,000,000 of series E, F and G war bonds and war savings stamps have been sold by the various offices of the bank to date.

The deposits of the bank at the end of 1943 were $34,285,504, compared with $26,908,347 at the beginning of the period. Total assets were $36,709,802, compared with $29,071,813.

The stockholders elected the following directors: Henry H. Romer, Frederick C. McLaughlin, Charles C. Fagg, Edward M. West and Wilfred L. Richardson. It was announced that all of the officers of the trust company were reelected at the directors' meeting, following that of the stockholders.

The Pavilion State Bank, Pavilion, N. Y., has received authorization from the State Banking Department to increase its capital stock from $25,000, consisting of 500 shares of $50 par value, to $50,000, made up of 500 shares of $100 par value.

The First National Bank & Trust Co., New Haven, Conn., announces the promotion of J. Coy Reid, Clifford W. Wilcox and Ralph L. Holbrook as Assistant Vice-Presidents, and Albert M. Gesler as Credit Manager.

Wynant D. Vanderpool, President of the Howard Savings Institution, Newark, N. J., announces the election of Waldron M. Ward as a Vice-President, and of William L. Maude, Vice-President, as a member of the board of managers. Mr. Ward, a member of the board of managers of the bank since 1925, is a partner of the law firm of Pitney, Hardin & Ward. Mr. Maude joined the Howard in 1932 as manager of its real estate department, and in 1937 was elected a Vice-President.

Plans for the merger of the First National Bank and the National Iron Bank, both of Morristown, N. J., were recently announced. They are two of the oldest banks in the State—the First National having been founded in 1865 and the National Iron in 1855. According to a joint statement issued by Frank D Abell, President of the First National, and George A. Easley, President of the National Iron, the merger will give the community a bank with assets of over $22,000,000—the largest bank in metropolitan New Jersey outside of Newark.

Benjamin Rush Jr., Vice-President of the Indemnity Insurance Co. of North America, was elected a director of the Land Title Bank & Trust Co., Philadelphia, at the annual meeting of its stockholders on Jan. 11. The other directors were all reelected. Mr. Rush is a director and Chairman of the Executive Committee of the Morris Plan Bank of Philadelphia. He also is Chairman of the Southeastern Pennsylvania Chapter, American Red Cross, for which he directed last year's War Fund Drive that totaled $4,043,749. The bank's report for 1943 was referred to in these columns Jan. 13, page 195.

Ellsworth A. Roberts was elected to the board of directors of the Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, at the 131st annual meeting of shareholders held on Jan. 17. He is President of the Fidelity Mutual Life Insurance Co. and was Pennsylvania State Chairman of the Third War Loan Drive. Wm. Fulton Kurtz, President of the Pennsylvania Company, at the meeting, announced the following promotions:

George E. Katzenbach, from Assistant Treasurer to Assistant Vice-President; H. G. Rheiner, to Assistant Treasurer; David E. Witham, to Manager of Mortgages; George Smith, from Registrar to Corporate Trust Officer; Cholmley Fox, from Assistant Registrar to Assistant Corporate Trust Officer, and Henry J. Wylie, from Assistant Registrar to Assistant Corporate Trust Officer.

Sidney B. Congdon, President of the National City Bank of Cleveland, reported to stockholders at their recent annual meeting that operating earnings for the year 1943 amounted to $1,392,527, equivalent to $3.09 per share on the 450,000 shares of capital stock outstanding, after setting aside $295,152, equivalent to 66 cents per share, for Federal income taxes. In the preceding year, Mr. Congdon said, operating earnings were $1,058,973, equivalent to $2.35 per share of capital stock, after setting aside $130,570, equivalent to 29 cents per share, for Federal income taxes. Dividends of $1.20 per share were paid during the year, amounting to $540,000, and the remaining earnings of $852,527 were retained in capital accounts, reflected in an increase in surplus of $200,000, and an increase in undivided profits of $652,527.

Mr. Congdon further said that the directors have decided to increase the dividend rate from the $1.20 rate, which has been in effect for the past seven years, to $1.40 per share per year, in view of the bank's earning record. A dividend of 70 cents per share, with 35 cents payable Feb. 1 and May 1, has been declared. It is the intention of the board to continue the practice of declaring 35 cents quarterly dividends, subject to changing circumstances.

The bank's statement of condition as of Dec. 31, 1943, shows that during the year deposits, including U. S. Government war loan account, amounted to $393,088,952, an increase of $88,401,952, with ordinary deposits increasing $55,512,908. This compares with an increase in ordinary deposits of $49,924,747 in 1942. Loans amounted to $70,360,900, an increase of approximately $12,000,000 during the year, while holdings of U. S. Government obligations now amount to $222,621,642, about $67,000,000 above the end of 1942.

President Congdon announced on Jan. 11 that George Buffington, Vice-President of the bank, has been appointed Executive Vice-President. Mr. Buffington entered the bank as Vice-President in August, 1943, after long years of experience in the investment banking field. From 1941 until he joined the staff of the bank, he was assistant to the Secretary of the United States Treasury, primarily concerned with the sale and distribution of war bonds. It was also announced that Francis H. Beam, Vice-President, had been placed in charge of the Banking Department. Mr. Beam came to the bank from the practice of law in January, 1943. The Trust Department remains in the immediate charge of Eugene S. Lindemann, Vice-President. He became associated with the bank in that capacity in June of 1943, having been for five years General Counsel for Union Properties, Inc.

Herbert F. Koch has been elected President of the Guardian Bank & Savings Co., Cincinnati, succeeding Warren E. Keplinger, who retired and became Chairman of the Board. Mr. Koch was formerly Executive Vice-President.

Gross earnings of the Manufacturers National Bank of Detroit for the year ending Dec. 31, 1943, were $4,625,723, according to a report made by Charles A. Kanter, President, at the annual meeting of stockholders on Jan. 11. Operating expenses, including the estimated cost of remodeling the new main office and other non-recurring items, were $3,740,760, leaving net earnings of $884,962. Dividends of $240,000 were paid and $500,000 was transferred to surplus, bringing the surplus figure to $5,500,000. Undivided profits, as of Dec. 31, were $1,641,258.

Deposits as of Dec. 31 were $445,314,176. Assets were $456,913,762. Cash and Governments totaled $405,853,335. In comparing year-end figures of 1942 and 1943, Mr. Kanter reported the following gains during the last year: $10,373,319 increase in loans and discounts, including mortgage loans; $99,059,219 increase in U. S. Government (direct and guaranteed), municipal and other bonds, notes, debentures and securities; $104,601,077 increase in demand deposits; $11,469,647 increase in time deposits.

The opening of the new main office of the bank on Jan. 3 was noted in our issue of Jan. 13, page 208.

Alvin E. Johnson, President of the Live Stock National Bank of Omaha, Neb., announced that at the annual meeting of the stockholders and directors Paul Hansen was elevated to the position of Vice-President and Cashier from that of Cashier. W. Dean Vogel and Herbert H. Echtermeyer were also elected Vice-Presidents. They were both formerly Assistant Cashiers. Mr. Hansen began as a clerk in the bank in 1920. W. Dean Vogel has been associated with the bank since December, 1942, was for 11 years associated with the Atlantic State Bank of Atlantic, Iowa, and for a number of years owned and operated a finance company in the same city. Mr. Echtermeyer began as a messenger in the bank at the age of 15.

In addition to the three above-named Vice-Presidents, the following officers were reelected: Alvin E. Johnson, President; Henry C. Karpf and R. H. Kroeger, Vice-Presidents, and L. V Pulliam, C. G. Pearson, Earl R. Cherry and Tom J. Price Jr., Assistant Cashiers.

The following directors were reelected: W. P. Adkins, H. B. Bergquist, L. S. Burke, Jas. J. Fitzgerald, T. E. Gledhill, Alvin E. Johnson, Henry C. Karpf, Leo T. Murphy, James L. Paxton Jr., Herman K. Schafer, Carl A. Swanson and J. L. Welsh. W. P. Adkins retires as Board Chairman. In his annual report to the stockholders Mr. Johnson pointed out that the deposits at the close of business Dec. 31, 1943, stood at $53,770,050, as compared with $37,812,927 at the close of business Dec. 31, 1942, and that the bank's capital, surplus and undivided profits, exclusive of reserves, was $1,696,336, as compared with $1,481,642 Dec. 31, 1942. Edward Morris, a stockholder of Chicago, attended the meeting.

The McIlroy Bank, Fayetteville, Ark., has become a member of the Federal Reserve Bank of St. Louis. The new member started operations as a private bank in 1871 and was incorpoarted in 1892. It has capital of $100,000, surplus of $100,000, and total resources of $3,273,677.

The South Texas Commercial National Bank, Houston, announces that E. F. Gossett, who has been President since May, 1941, became Chairman of the Board at the annual meeting of the bank's directors on Jan. 11, and Sam R. Lawder, formerly First Vice-President of the First National Bank in Houston, has become President. Mr. Gossett has been a senior officer of the bank for 20 years, and as Chairman continues to head the institution in an active capacity. The bank also announces the promotion of John F. Austin Jr. from Cashier to Vice-President; of E. W. Vogelpohl from Assistant Cashier to Cashier, and of George Darsey and Terrell Taylor to Assistant Cashiers.

It is also announced that Harris McAshan, First Vice-President; Malcolm G. Baker, Assistant Cashier, and Arthur Trum, Assistant Cashier and Assistant Trust Officer, are on leaves of absence, serving with the U. S. armed forces.

At the annual meeting of the stockholders of Citizens National Trust & Savings Bank of Los Angeles, held on Jan. 11, four new directors were elected to the board, viz.: Dwight Clarke, Executive Vice-President Occidental Life Insurance Co.; Robert Hunter, Pasadena, former investment banker; William Simpson, President William Simpson Construction Co., and Donald Thornburgh, Vice-President Columbia Broadcasting System, Inc. Directors reelected included President H. D. Ivey; Executive Vice-President L. O. Ivey; Milo W. Bekins, W. J. Boyle Jr., Walter H. Butler, Ralph J. Chandler, Eugene P. Clark, T. B. Cosgrove, A. M. Dunn, Ernest E. Duque, W. A. Faris, George W. Hall, William A. Innes, Samuel K. Rindge, William S. Rosecrans and E. C. Wilson.

In his report to stockholders President Ivey commented on the deposits of $241,419,534, the largest total ever published, and upon the capital, surplus and undivided profits account of $10,000,000, an increase of $500,000 from the Dec. 31, 1942, report. This account, Mr. Ivey said, is now equal to $40 per share, as compared with $38 a share a year ago.

The Board of Directors at the organization meeting, held Jan. 13, reelected all of the present officers of the bank, and elected Samuel K. Rindge as Chairman of the Board. In addition, the board elected Attorney General Robert W. Kenny as a director to fill the vacancy created by the resignation of Jesse B. Alexander, a director of Citizens National Bank for over 25 years, and a member of the Executive Committee for over 22 years.

Reporting to stockholders of the Bank of America at the recent annual meeting in San Francisco, President L. M. Giannini said that a most constructive development of 1943 was the extent to which the American people built up their individual backlogs of savings. "Depositors in this bank alone added over $500,000,000 to their financial resources through additions to savings and purchases of war savings bonds," he said. "Such substantial savings will create business and jobs by providing purchasing power when consumer goods can again flow freely."

After reviewing the unprecedented growth in Bank of America's resources, deposits and investments as revealed in the year-end statement of condition, Mr. Giannini warned that war progress in 1943 cannot be taken as meaning the worst is over. "It only means that we can eventually win victory—if we will," he asserted. "Hard won advantage must not now be lost by mistaking progress toward victory for victory achieved. In matters of production and self-sacrifice our first consideration must continue to be the needs of our fighting men, without any qualification whatsoever."

Declaring that post-war planning is our present responsibility, he said that the goal of such planning must be full employment, with a national income close to the present level. He stated that reestablishment of small business enterprises figures prominently in the bank's planning, and offered the view that prevailing values of labor, commodities and merchandise must be maintained. "Reduced values for labor and goods, while increasing the purchasing power of the dollar, would, I apprehend, precipitate depression and endanger our nation's integrity," he declared.

He emphasized the need for prompt settlement of war contracts upon their cancellation to prevent perilous delay to peacetime production and employment adjustment. Changeover in production from war to civilian goods should be effected as uniformly as possible, both geographically and as to industries, or irreparable damage would be caused on the Pacific Coast by keeping its industries on full war production in the war's latter stages while the rest of the nation resumed civilian production. Banks must be ready, and permitted, to exercise their normal functions of financing private enterprise without subsidized governmental competition.

Stating that many of the people's prerogatives have been temporarily relinquished for war purposes, he declared that one right not to be relinquished even temporarily is the right to remain free from regimentation in the form of conscription of civilian workers.